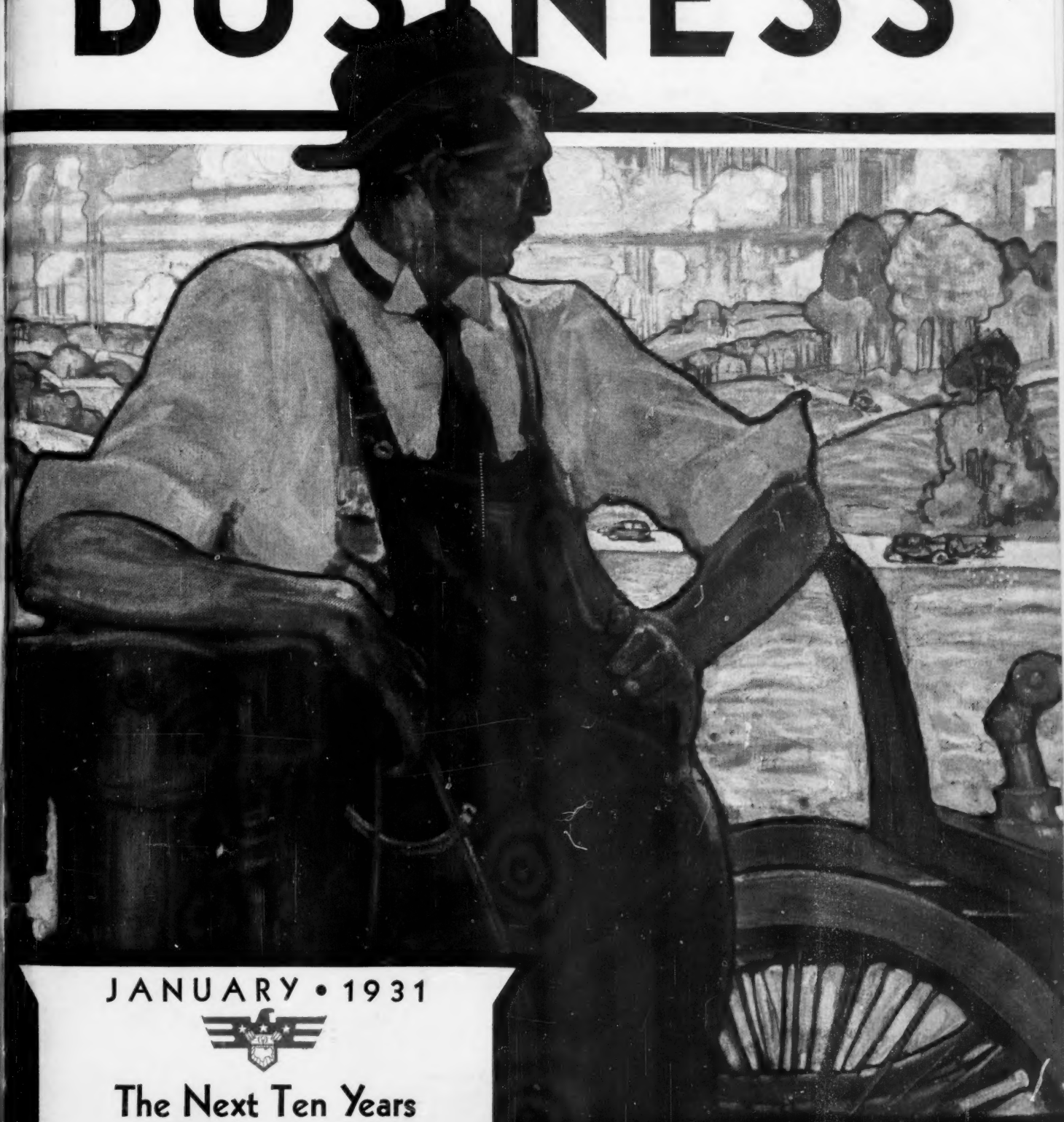


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NATION'S BUSINESS



JANUARY • 1931



The Next Ten Years
in Transportation

COVER • The Automobile Pioneer • Page 6

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NATION'S BUSINESS for January

VOLUME 19



NUMBER 1

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The Turn Of The Decade

JANUARY, 1931, marks the beginning of a new decade.

The span of years from 1921 to 1930 will live long in the memories of American business men a decade marked by waves of depression and prosperity which attained extreme depths and unusual heights.

As the decade turns, the Irving Trust Company completes four score years of banking service. From a modest beginning it has grown in size and usefulness, until today it walks hand in hand with the nation's business even when that business goes around the world.

THE NEW DECADE will bring new problems new demands new standards of service. As it unfolds, the Irving, continuing its present policy, will endeavor to solve the problems, anticipate the demands and set new standards of banking service for American business men in their dealings with the business men of foreign lands as well as with one another in this country.

IRVING TRUST COMPANY

Out-of-Town Office—Woolworth Building

New York

THIS MONTH'S COVER

Painted by Harvey Dunn

FOR centuries man depended on horse-flesh for personal transportation. So it had always been and so, said smug doubters, it would always be. A few men disagreed. They struggled to make the "horseless carriage" a reality. History showed them the sorry reward of those who had gone before. In the eighteenth century a man had made a steamroad carriage which would run but the public, missing the vision of future comfort, had mocked his efforts.

It continued to mock as the Pioneer Auto Builders adapted the new internal-combustion engine to their needs. But ridicule could not dissuade the Pioneers. Slowly they progressed.

Discouragement, however, kept pace with progress. An unwilling public regarded those first, sputtering machines as rich men's toys or as reckless contrivances in which dare-devils might speed to gruesome deaths.

Casting off the fetters

BUT the Pioneers persisted. The more daring abandoned the effort to make their new contrivances resemble the buggies they hoped to supersede. They devised new bodies, better adapted to their purpose and, in so doing, divorced themselves forever from the horse and from tradition.

Slowly they overcame public reluctance, fear of explosion, ridiculous legislation. Always they perfected their product and then, as the water which gathers slowly at length bursts the dam, they triumphed.

The sneering world suddenly realized that its neighbors were using the new conveyance. Derision became demand. The gasoline age was born and with it a new world. A world of greater happiness, greater convenience, and greater understanding.

Highways were widened and straightened that along them might flow a new and eager commerce. Communities, once slumbering in mud-bound isolation, awoke and prospered. New problems came, too, but men with the blue distance at their fingertips were refreshed to tackle them.

The Pioneer Auto Builders gave men a new freedom. They emphasized the new creed of "more things for more people." They rejuvenated a world.

To them, NATION'S BUSINESS dedicates this cover.

A WARNING

to men who think they have arrived

FEW men are paid \$5,000 a year unless they are potentially worth \$10,000.

Five thousand is not a terminal. A man goes on—or back. The sort of man who is satisfied to be a cog can be hired for a lot less.

If you are at the \$5,000 milestone, it is because someone above you has decided that you are good—going somewhere. He expects you to earn more. That doesn't mean that the next increase is in the bag. We said, "earn more." You have to *earn* your increases from now on.

To earn more, you have to know more. In business today, the measuring stick of progress is knowledge. A bookkeeper is such because all he knows is bookkeeping. An advertising manager who doesn't know modern selling is mired. A sales manager who doesn't know a lot more than selling is going back.

Take your own case. You know the job you would like. Are you ready for it? You won't get it until you are.

All true so far, isn't it? Hard to swallow, perhaps, but true. It's pleasant to day-dream about lucky strikes, getting the breaks, helping a plutocrat win a golf match and riding to success on his favor—but the tough truth is that the top men in

business know more than the routine men.

Now, today, this truth is more important than it ever was. Business is in a chronic state of revolution. Only yesterday, it was made up largely of small units. Now, small units are merged into a big one. That means a whole new set of problems. Selling, distribution, banking, foreign trade have changed.

You need knowledge—we offer it to you in a highly concentrated form. That is the whole point of this page. A comparatively few men will ask us for the facts. We will mail to them a booklet—"What an Executive Should Know." It is well worth paying for, but we make no charge.

A certain percentage of those who read the book will enroll for the Institute training. It is our belief, based on contact with thousands of successful men, that the ones who do enroll will have a much better chance to pass the \$10,000 milestone—and the \$20,000 milestone—than the ones who don't enroll.

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 Position _____ Business _____

"Gaining ground"

during business depressions

SITUATIONS like the present afford capably managed corporations the opportunity to benefit from financial foresight . . . their executives looked ahead . . . prepared for stormy business weather by building up strong, liquid financial reserves. Such corporations will emerge from the present period stronger—relatively—than when they entered it.

Unwarranted retrenchment is avoided. Valuable, carefully built organization can be maintained. The continuity of good will advertising, for which large sums may have been spent, can go on without interruption.

Credit position is maintained—and strengthened. The corporation with an adequate reserve for contingencies—a reserve in liquid assets (not merely a bookkeeping entry)—strengthens its good will and market prestige with uninterrupted payments to its security holders despite impaired earnings.

Buying opportunities may be acted upon. The corporation with strong reserves sometimes dictates its own terms in buying out competitors lacking business foresight. Real reserves may be used to balance inventory losses, and permit taking advantage of opportunities to make judicious additions at low prices.

Although some corporations dipped into their reserve accounts during 1930, others made additions. Halsey, Stuart & Co. sold more bonds for reserve purposes during the past year than ever before, indicating an ever-widening appreciation of the importance of this protective policy.

Reserves, to be effective, must be adapted to the individual requirements of the business concerned. Halsey, Stuart & Co. welcomes the opportunity to discuss the particular needs of your own situation. Our booklet, *Business Reserves*, will be sent without obligation to any executive requesting it on his business stationery.

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9 P. M. Eastern Standard Time
8 P. M. Central Standard Time
7 P. M. Mountain Standard Time
6 P. M. Pacific Standard Time

THE PROGRAM THAT DOES MORE THAN ENTERTAIN





Faith . . . and Works

NINETEEN-THIRTY will go down in history as a year of paradoxes, when the times were not in mesh. Surpluses everywhere; foodstuffs, wheat and corn and fruits and meats and sugar and coffee and dairy products. Shelter materials; lumber and copper and cement and appliances; clothing, wool and cotton and silk and leather. A surplus of labor.

Over against this, the need, the desire, the willingness to work and the eagerness to obtain and enjoy these surpluses.

What threw the gears of our business life in neutral? What caused us to lose our grip? No war, no great cataclysm of nature. Rather a loss of consumer appetites induced by contagious timidity—an epidemic of fear congealing the sustaining commercial currents from farm and mine and factory.

Ninety per cent of our business operations are conducted on credit. Credit in its stark nakedness is nothing more nor less than confidence—confidence that the man or corporation to whom this credit is issued has the integrity and the ability to keep his word.

A fear, not fully reasoned out, impaired this confidence enough to slow down the normal processes of exchanging goods and services and labor. Many things contributed to this fear—rumors of failure, gloomy forebodings, Government the world over tampering with business.

Our modern trade mechanism based on credit and confidence is a delicate structure. It is a watch accurately adjusted to split seconds compared with colonial days when wampum, beaver skins, grain, and tobacco constituted our medium of exchange. The faith money of today calls for greater faith in men.

If our own faith falters, there is heartening evidence that all faith was not lost during 1930. Before me as I write is a list of 40 great businesses which did better both in sales and profits than in 1929.

Faith did it . . . and works. Faith and works of the brake-lining company, which changed deficits to profits by switching over to making linings for wind-breakers; of real-estate men who found 30 new uses for unimproved land; of a soft-drink company which found a market

for 100,000 ice boxes in roadside refreshment stands; that brought forth a new form of transportation, the pipe line, burrowing across the continent with two-foot steel tubes; a new highway with steel base built in portable and interchangeable sections; a building covering two blocks, with neither windows nor skylights; faith and works that shipped Seattle ice cream to Germany.

And 1931? Faith and works will bring their sure rewards. Faith in the inevitable return of normal exchange of goods and labor, and works directed intelligently toward the hastening of that day and in preparation for it.

Management justifies its high place when it seizes this present space of calm—as some distinguished industrial leadership notably has done—to gird business for the next great stride in its onward march. Purchase orders that go over executive desks are the stuff of which confidence is made. Holding off for an additional eighth of a cent drop in commodity quotations may be a penny-wise purchase policy. But trying to replenish low inventories and depleted supplies when the price curve starts upward certainly is pound foolish.

An inventory too low may be as unprofitable in the long run as one too high. This is not mere editorial rhetoric. It would cheer readers if we could give them the information—which we have in confidence—of shrewd business captains who have gone into this low-priced market and made commitments for 1931 during the past 30 days. These and other shrewd leaders are preparing for the inevitable upturn. And in preparation they are seeking rat holes. Rat holes in factory and sales room, in mine and counting room, rat holes in which profits have gone in the past, profits which will be needed in the busy days ahead.

The new year will be as bright as you are. In fact, times like these, when the courage of industry is at low ebb, pay additional dividends on faith, and works.

Don't forget the works. *There's a New Year's resolution that will keep you if you keep it.*

Merce Thorne

WHERE IS YOUR PROFIT ZONE?

FULL CAPACITY

3/4 CAPACITY

2/3 CAPACITY

1/2 CAPACITY

Running your plant at one-half or two-thirds capacity can you still make a profit? Where is YOUR profit zone?

Some plants can "get by" in times of heavy demand, that cannot survive today when fractional capacity operations are necessary. Cutting corners—savings on given machines or in given departments . . . are always desirable. But that's not enough.

Action—more drastic, more revolutionary—that will cut deeply into production costs is the only way out for many plants today. Radical changes in present products, entirely new processes, have increased the crop of White Elephants—plants incapable of profitable operation at fractional capacity.

A number of manufacturers recognizing the seriousness of the situation, have had the courage to take action. They have found profits in blueprints—applied sound engineering to their problems—found that it has paid for itself many times over.

In this process of readjustment, whether it

involves the radical modernization of the old plant or the building of complete new facilities, Austin Engineers can bring you the most up-to-the-minute ideas on layout and design.

No miracle makers . . . but engineers who are unusually progressive in developing ideas and pointing the way to profitable action. An interview granted, with permission to look over your facilities, will cost you nothing—may lead to unexpected decisions on your part . . . decisions which will have an all-important bearing on your profits for 1931 and for some years to come. *Why not be prepared to talk about something entirely out of the "corner cutting" category at your Annual Meeting?*

A new booklet, just off the press, "101 QUESTIONS THAT SHOULD BE ANSWERED BEFORE YOU BUILD," intended primarily to help those about to build, raises questions the answers to which are important to many manufacturers who have building operations farthest from their minds. A single idea from this booklet may mean much to you. Wire, phone or write—no obligation, of course.

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Engineers and Builders , , Cleveland

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PHILADELPHIA CINCINNATI PITTSBURGH
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NATION'S BUSINESS



Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

The Psychology of Depression



NO statistician has yet drawn a graph of the public's state of mind; no economist weighing the factors from which to weave his index line of business has yet gauged the thinking of that mythical "average man" and decided what importance it should receive.

Pig iron production, car loadings and bank clearings we weigh and measure, but who can weigh and measure what his neighbor "feels" about buying and selling?

Yet that feeling, that state of mind, that intangible something which some of us call psychology, plays an enormous part in every inflation and every depression.

As the state of mind turns from fear to courage, from despair to hope, the tangible things of business turn upward. Said a mid-west banker to a NATION'S BUSINESS editor not long ago:

"If you take the books of this bank you will find little or nothing on which to base a promise of better business. There are written in them the same stories of men living on their savings, of accounts of salaried men being closed, of larger accounts which are far below their normal activity. Yet, in the face of that, I am conscious of a change in the spirit of the men with whom I have talked, of a new feeling of hopefulness, and that change has come within the last few weeks."

So, too, an Indiana manufacturer said:

"We are not going ahead in actual business, yet if all the orders about which we have been approached should descend upon us at once we should be flooded. And only a few weeks ago no one was even making inquiries."

Without going all the way with Hamlet—"There's nothing either good or bad but thinking makes it so," the state of mind of the public has much to do with leading us to the hills of inflation and down into the valleys of depression.

The Wisdom Point in Buying



LAST month we suggested, somewhat timidly, that prices of commodities might be at a point where purchases for either storage or semi-manufacture might be not only profitable to the buyer but of added value in help-

ing to accelerate the rotation of the business wheel. Confirmation of the soundness of the idea came in a believable report that one of our very largest industrial companies had already bought copper for more than six months, and in added announcements of heavy buying of basic commodities in many other quarters.

Steel on December 4 took a move upward. Carnegie announced an increase of \$1 a ton and other producers hastened to follow suit.

One of the peculiar states of mind which accompany inflations and depression is the belief that when prices are rising they are never going to stop going up, and that when they are dropping they will never reach bottom.

The venerable story of the farmer who when asked if it would ever stop raining said, "It always has," is still true. Prices have never gone through the floor and there are indications that they have started towards higher altitudes.

The Cycle of History



SOMEONE in the Harriman National Bank was reading Macaulay the other day and in the historian's essay on Southey's Colloquies on Society he found material so pertinent to present day conditions though written just a century ago that the bank reprinted it and distributed it to some hundreds of thousands of readers.

Lord & Thomas and Logan read it and were so impressed that they took pages in newspapers to reprint it. Here are two among many sentences, one a prophecy, the other a statement of principle:

If we were to prophesy that in the year 1930 a population of fifty millions, better fed, clad, and lodged than the English of our time will cover these islands—that machines, constructed on principles yet undiscovered will be in every house—that there will be no highways but railroads, no travelling but by steam—many people would think us insane.

A prophecy come true with the exception that in travel we have gone farther than Lord Macaulay saw and have replaced our highways for a new form of transportation.

Now for the statement of principle:

Our rulers will best promote the improvement of the people by

strictly confining themselves to their own legitimate duties—by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment—by maintaining peace, by defending property, by diminishing the price of law, and by observing strict economy in every department of the state.

Let the Government do this—the People will assuredly do the rest.

True in 1830! true in 1930! And it will be true in 2030 unless government has swallowed us all and there's no one left to protest!

Why One Man Buys Now



campaign. Here are two paragraphs from it:

When something new and better is made which I have use for, I am going to have it. I am not going to "get along" with the out-of-date when I may have the new and better. If there is a new type of refrigerator, it's mine. A new and better automobile, that's mine. Better heating equipment, mine too. Better golf sticks and bag, they're mine. Better luggage, mine. Better train and steamship accommodations, mine. Better hats and suits and shoes, mine. Better furniture, mine.

I am living in this particular part of the twentieth century and I am going to be a part of it. I know I cannot take a thing with me when I make exit, and I know that many other new and better things are coming after I shove off for those living then to enjoy. The best and newest and latest things were put here for me. They're a part of my particular period of existence and I am going to have them.

Higher Taxes and Unemployment



THE president of New York's Board of Aldermen spoke out in meeting the other day. He thought it outrageous that "reproducing grand pianos" should be bought for public schools at \$2,086 each. On the same day New York City's Board of Estimate added \$5,000,000 to its budget for 1931 of which \$1,000,000 was specifically for the relief of unemployment.

The increase means that the rate of taxation on every \$100 assessed valuation will be \$2.67 instead of \$2.64. What's three cents on a hundred? On a house assessed at \$10,000 it's \$3.00. But if part of it goes for the relief of the unemployed, the house owner is going to spend \$3.00 less on shoes or sugar or something else that keeps men employed.

Fewer Counties to Save Money



AS TAXES trouble the business man, so do they trouble the farmer. But one way of reducing them has been found. That is through consolidation of counties for which James and Hamilton Counties, Tennessee, have paved the way.

Prof. Walter Burr, of the University of Missouri, is authority for the statement that "our system of county government is costing far more than it is worth." And of Tennessee he says: "Tennessee is no exception to the rule, for the aggregate cost of its 95 counties is 19 times as great as the cost of the state government."

NATION'S BUSINESS for January, 1931

Tennessee state officials estimate that counties might be reduced from 95 to 50 with an accompanying reduction in taxes. The principal reason counties may now be increased in size without diminution of efficiency is modern transportation facilities. Our present counties were laid out in the horse-and-buggy days.

The effect of the consolidation of James County with the larger county, Hamilton, is that the old James County inhabitants pay about half the county taxes they formerly did.

Paved highway in the county area has been increased from two to more than forty. Rural schools there are now open eight or nine months instead of the former three or four. And the lower taxes have encouraged several factories to locate there, furnishing a more immediate market for the farm produce.

Now another county is starting a movement to join the consolidated Hamilton-James County.

Unemployment That's Heard From



THE recently released figures on the nation-wide census of the unemployed brought a distinct surprise to many of us. Instead of the six to ten millions our statisticians and authorities told us were jobless, the calm door-to-door canvass revealed considerably less than four millions.

Why the inflation? We have never bothered to compile unemployment statistics during periods of stable and wide-spread employment; how then, and just when, did we first sense that unemployment had entered our midst? And how gain the impression of an increasing volume? By the same process, doubtless, that will enable us to tell the time at which it takes its departure. We heard people talking about being out of jobs; about others out of jobs, until unemployment became news and was spread before the public. What we heard and read, we interpreted in terms of volume.

But is unemployment volume alone? Is there not today another factor affecting the picture?

The recession of 1921-'22 treated all to the same cup with slim regard for whether we worked with hands, brain, or with both. If here and there favoritism was shown towards the office type of employee, the policy had ample precedent from former eras of industrial inertia.

But today we see the most drastic pruning of payrolls in those commercial and industrial brackets that bear a white-collar earmark.

The result is a larger percentage of white-collar men jobless than the generation before has witnessed. Long unemployed, they have become articulate. Those of us to whom in the past unemployment has been merely a word, meet them or hear of them wherever we go. We have become more conscious of unemployment than we would be were many times their number of manual workers jobless. Two reasons: sporadic unemployment has ever been commonplace to the manual worker and your office man moves in a social and economic level, that enjoys a readier access to the channels of publicity.

So long, then, as the drive against unproductive

overhead continues, so long will we hear and read much about unemployment. For the effects of idleness are cumulative. We may see, six months hence, no increase in the number of jobless, yet hear more about them than we do today because the longer men are out of work, the more apparent becomes their economic distress.

There is a distinction between volume and intensity.

To Utopia By Lawmaking



FORTY-odd legislatures meet this month. To all of them will be presented plans for old-age pensions, unemployment insurance, compulsory automobile insurance, various ways of ridding the world of unhappiness by means of taxpayers' money—legislative roads to Utopia.

The purpose back of many, perhaps all of these measures, is altruistic. To care for old age, to help the man out of work—these are aims which appeal to us all. How thankless then is the task of those who oppose such proposed legislation, who ask that the cost be counted, that the means of payment be considered, that in extending mercy there must also be justice.

To business, and in particular, to business organizations, there will fall this duty not of unconsidered, blind opposition, but of reasoned consideration of the wisdom, the necessity and the cost of these measures. And back of all opposition, and of all support there must be this thought: to what extent and how dangerously will such measures be hampered by political administration, by that thing which so often makes government ineffective in business, the loss of the drive of personal advancement, of the desire to do things to benefit other people so that we may benefit ourselves?

No better phrase describing this state of affairs was ever coined than that used by Wesley E. Monk, one-time Commissioner of Insurance of the Commonwealth of Massachusetts. In resigning that office he wrote to Governor Alvan T. Fuller:

As I view the whole matter now, this unusual situation of an under-executive, having to contest with his superiors in authority, is the result of an attempt to solve a mathematical problem by the introduction of a factor of political expediency. This is neither right nor proper.

How to Divide the Surplus?



CAPITAL, management, labor,—these three make up an industry. In normal and above normal times all three are paid. Profits are divided into wages, salaries and dividends. But hard times come, profits are less or disappear. There isn't money enough to continue all three on a good times basis.

At that point comes one of the hardest problems, that of apportioning the loss. *The Saturday Evening Post's* clever cartoonist, Herbert Johnson, effectively portrayed the stockholder's point of view.

Rain is pouring down. *Management* is walking through it with an enormous umbrella called "huge corporation surpluses." *Mrs. Stockholder Buying Power* pleads with him to open it and he replies: "I'm saving it for a rainy day."

A clever illustration of a situation; but haven't labor

and management an equal right to claim protection under that umbrella from wage and salary cuts?

Cases are reported of companies reducing salaries and wages (either by part time or by actual reductions) while continuing to pay dividends partly or entirely out of surplus. The rainy day came and the umbrella was available only for stockholders. Against which it might well be urged that the stockholder bought the umbrella since the surplus was built up by holding down dividends. An interesting question for business theorists and business practitioners to tackle.

An Adventurer of Industry



"I SHALL go broke for I love to gamble." This is not the stated and deliberate code of a professional poker player or a practitioner of the dynamic ivories. It is the confession of Charles M. Schwab as reported by E. Clarence Jones to Barron.

"I shall go broke for I love to gamble." There breathes through this statement with delightful candor a passion that animates every progressive community. A buoyant confidence in the "breaks," a rosy-tinted discount of risks, a boundless and irrepressible hope for the best, they are the necessary emotional equipment of the speculator and the business adventurer. They are the fermenting agents which keep the economic pot in a constant boil and bubble.

It is these men undoubtedly who are the leaders in that excess of optimism which leads in turn to such situations as the present. We are suffering today from an imprudent indulgence in the sweets of exuberance. No one loves adversity in spite of the sweet uses which Shakespeare attributed to it. Nevertheless the spirit of enterprise in an individualistic society operating without restraint tends to o'erleap itself. The hosts of those who "love to gamble" cheerfully assume those risks which make progress possible.

An "X" in the Building Trade



NO business is safe from change, no industry is so settled or so prosperous that it can afford to be indifferent to what is going on in the world outside its walks.

Two instances:

In Fitchburg the Simonds Saw and Steel Company is erecting or is about to erect a building covering two city blocks without windows. It will be lighted, heated or cooled by artificial means. Each worker whether overalled or white-collared will have the light and the temperature best suited to what he is doing.

In Milwaukee the new Engineering Building of the A. O. Smith Company is a glittering structure of stainless steel and glass, and the glass is sealed in. Ventilation comes through the upright steel columns.

If these two buildings are forerunners of others, many an industry must reshape its future. The makers of glass, of structural steel, of steel window sash, of lighting and ventilating plans have new worlds to conquer.

"X-forces," NATION'S BUSINESS has called these

forces from without, these omens written in the sky, that may bring hope or terror to an industry. But they are not necessarily x-forces in the algebraic sense, they need not be unknown; the wise business man is he who through reading, through contact with others, through his trade association, learns of them before they strike.

Taxes That Cut Twice



THE railroad executive whose duty it is to know all about the weekly carloadings as compared with the corresponding week of all previous years and the ton miles and everything connected with the rails and the rolling stock leaned back in his none too easy chair, ruffled his snow-white hair and made more apparent wrinkles of care in his face by pulling at a black cigar. "It is a great world," he said sadly, "but it has much trouble."

"You mean business isn't so good?" inquired his caller anxiously.

"No, not that," was the thoughtful reply. "Of course that enters into it but what is worrying us is taxes. You see no matter how business is, taxes don't seem to get any less. And our taxes are so funny."

"Funny?" queried the caller.

"Yes, I guess that's the word. Funny. Yes that's it. You see we are taxed for the things that hurt us, not for the things that help us. Isn't that funny? So funny. Now we like good highways. But of course the more hard-surfaced roads we have the better it is for all means of transportation that compete with the railroads. We pay our money out in taxes for improvement of internal waterways and again we are helping the competition. Do you wonder we get a lot of laughs every time we look at the tax sheet?"

"Then a funny thing happened the other day. A fellow came in with a pamphlet on the use of old wood for the building of birdhouses. He wanted us to send out copies of it. Well, I don't yet know just what he was driving at."

"Well, the Government sends out a lot of pamphlets," was suggested. "They send out pamphlets on the feeding habits of sparrows and how to build a cat trap and a lot of things."

"Oh yeah, but we are not the Government. We can't levy taxes." And the executive plunged into a ton mile of figures in order to forget his troubles.

An Editorial by Howard Heinz



JUST the other day the H. J. Heinz Company dedicated a new theater and recreation building at its Pittsburgh plant and celebrated at the same time 61 years of uninterrupted good relations between the company and its workers. One paragraph from the address of Howard Heinz, president of the company, is worth the wider circulation Nation's Business can give it:

In my opinion, the underlying trend of business during the first 30 years of this century has been ethical in addition to being practical, cooperative rather than selfishly competitive, spiritual in addition to being material. Business will maintain its leadership

by using its resources properly in creating a higher standard of living, which means human comfort and human happiness, and by vigilantly protecting that social and political philosophy, sometimes called the philosophy of fair play, under which it has come into its favorable situation. Who can fix the limits of the growth of industry, when, given great material prosperity, business measures its progress in terms of service, cooperation and the application of the Golden Rule? For, after all, it is not bricks or mortar or machinery which will determine the development of the human race. Above all, we shall succeed in proportion as we develop a recognition of that greatest of all relations, the human relation.

Why Not Free the Railroads



IN THE "declaration of policy" of the Association of Railway Executives adopted November 20, 1930—a document which every business man should read—is this clause "as regards pipe-line transactions":

That pipe-line common carriers be subjected to the same restrictions as to the transportation of commodities in which they are interested, directly or indirectly, as the railroads now are.

Respectfully hesitant we ask how it would have sounded if it had read:

That the railroads be freed from the restrictions to which the pipe-line common carriers are not subjected as to the transportation of commodities in which they are interested, directly or indirectly.

An idle thought, not practicable, but is there ever an industry which willingly or unwillingly, rightly or wrongly has been subjected to government control or regulation that can take a step backwards toward economic freedom?

The Threat to the Railroads



OLIVER Wendell Holmes wrote of "the wonderful one hoss shay":

Little all of all we value here
Makes on the morn of its hundredth year
Without both looking and feeling queer.

Railroad transportation in the United States has just been celebrating the hundredth anniversary of its birth and it's "looking and feeling queer".

New rivals in the field of transportation have risen to plague it. Football is familiar with the triple threat, the youngster who can run with the ball, kick it or pass it with equal skill. There is a quadruple threat against the railroads: transportation by air, by waterways, by improved roads and, last but by no means least, by pipe line.

So grave is the threat that the Association of Railroad executives plan to seek legislation compelling the oil companies to divest themselves of a \$400,000,000 investment in pipe lines. The railroads talk also of asking powers to run steamships, they talk of asking increased government regulation of trucks and buses.

A grave situation—one which affects and concerns not merely the railroads and the oil companies but every shipper and every traveler and every consumer of goods in these United States and that means the whole 120-odd million of us including men, women and babies.

To the 325,000 business men who read this magazine and who are more gravely concerned than any other group we commend the article by Interstate Commerce Commissioner Porter beginning on page 20 of this issue.



One company applied a new formula—it now budgets its sales or income and then deducts a reasonable profit, leaving allowable expense to be adjusted

Plans That Whipped Depression

By WILLIAM A. McGARRY

PHOTO-CARTOONS BY WILLIAM RITTASE

WHAT is it that enables some corporations to show increased profit in times of world-wide economic depression? When business as a whole is bad and sales volumes, even of the necessities of life, are falling off, what keeps some companies forging ahead? Can hard times be ignored or overcome by increased pressure or ingenuity, or do they indicate a need for general readjustment?

A few months ago I set out to find specific answers to these questions. Perhaps it would be more accurate to say that I went on a search for methods which had provided highly satisfactory answers to a certain group of widely diversified corporations. I had a list of 151 national advertisers who had published earnings reports for the first six months of 1930. Of that number, 40 made more money for their stockholders than in the corresponding period of 1929.

I wrote personal letters to the presidents of each of these corporations asking them how they did it. This method was used in preference to the conventional questionnaire because the diversity of the lines represented made it evident that a method useful to one might not be of value to another. Moreover, I had set out to get information and not to prove anything. In addition, some of the men queried were

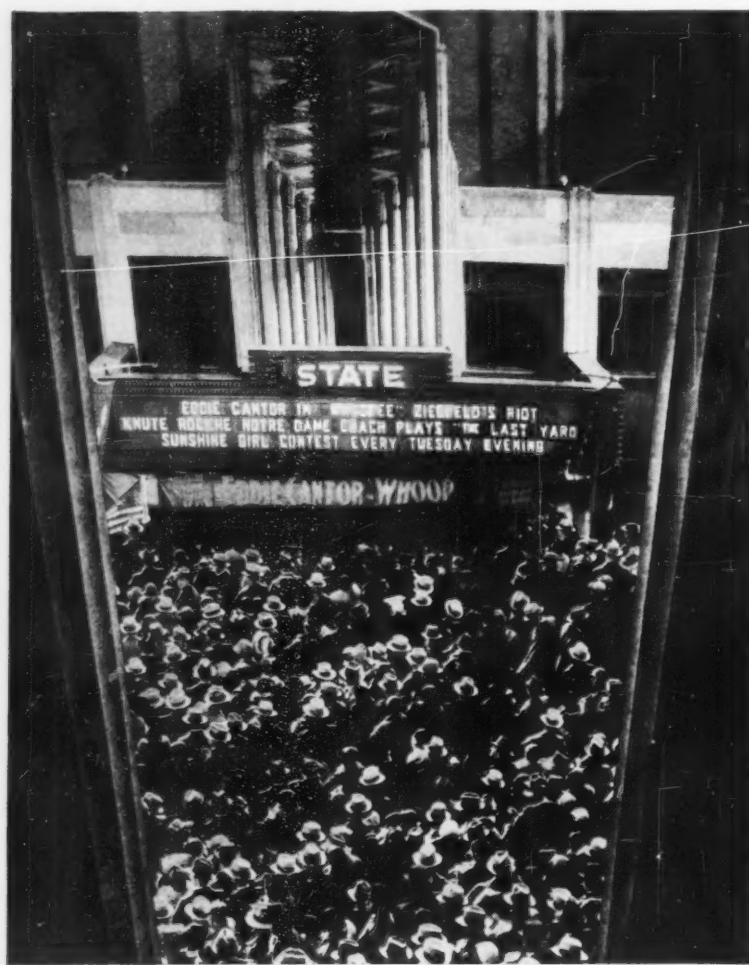
personal friends or acquaintances. It was assumed that all of them were too busy to answer questionnaires.

"Harder work all along the line"

TWENTY-SIX of the 40 presidents answered directly, through agents, or associates, or by telephone. In the meantime several of the companies listed had been feeling the effects of depression and finding it reflected in their profits. Long before the end of the first six months of 1930 it was evident to some of them that they could not continue to show improvement, and a number of the executives gave that—or policy—as the reason for not discussing their methods.

The other answers speak for themselves, and the reader

★ **WHILE** most of the world was bemoaning hard times some corporations made more money the first half of 1930 than in the same period of 1929. Mr. McGarry determined to find out how these companies were able to increase their profits in spite of the depression. In this symposium the heads of these firms explain their moves



The general depression affected theater attendance possibly less than any other public activity

may draw his own conclusions from them. But I should like to emphasize the one general note running through all of them as it was succinctly stated by C. M. Chester, Jr., president of General Foods Corporation. Referring to a specific query as to the importance of the psychological factor—the attitude of not knowing there was a depression, or ignoring it—Mr. Chester wrote:

"It can not be said in any sense that the general depression was unnoticed or overlooked by General Foods. It was a signal for harder work all along the line. Depressions have one redeeming feature. They create greater efficiency in all departments. American business generally, it is believed, will step forward into the coming period of better business with the greatest efficiency in its history."

General Foods made \$9,848,000 in the first six months of 1929 and \$10,630,000 in the corresponding period of 1930. For the nine months periods the figures were, respectively, \$14,840,252 and \$15,515,280. Mr. Chester's explanation of how this was done is doubly significant because the corporation had to cope with special internal problems in addition to the general economic situation.

"It is by no means assured," Mr. Chester wrote me, "that our profits for the entire year, 1930, will exceed those of 1929, and if you are simply compiling the companies whose profits are running ahead of 1929, it may be that we should be removed from this category, despite the earnings for the first six months."

"For the last three months, our profits show, from present available data, some decrease.

"However, to reply to your question you may find the following comments useful:

"General Foods Corporation's showing in 1930 has been due to the following factors—

"Strong advertising campaigns have been maintained. A nation-wide inventory system has been installed whereby General Foods each month finds exactly any gaps in its distribution system. Intensive merchandising is then applied to fill these gaps. Sales schools have been developed to keep salesmen properly instructed.

"Closer control of inventories and warehousing methods has made savings. Purchasing methods have developed important economies. Readjustments in transportation, production, accounting and other departments have helped. No economy has been made at the expense of quality. In fact, quality in several cases has been definitely improved.

"The last few years witnessed the merging of many companies into the General Foods group. The year 1930 has been devoted to the integration of the merged companies and the application of advantages which a merger can provide."

Reduced production costs

THE Pet Milk Company earned \$281,000 in the first six months of 1929 and \$339,000 in the corresponding period of the year just ended. John A. Latzer, president, describes how this result was achieved:

"The reason for our better profits this year might be dismissed with the statement that 1929 was a year of low profits for us, but that wouldn't be the whole story. Overproduction hit our industry then and the condition still exists. Late in 1928 we anticipated the coming condi-

tions and made this preparation for them:

"Every possible effort was directed toward reducing our controllable production costs. Wages were not reduced. Our raw materials are bought on a competitive market. Our cost reduction came from better efficiency in factory operation—in the use of fuel, of labor, in general factory operation.

"An equal effort was directed toward better efficiency in sales and distribution expense. The sales force of 1928 was reduced in numbers gradually, but substantially, during 1929. The better part of the force was retained and its efficiency increased by more intelligent direction. Our advertising appropriation was increased both in 1929 and 1930. Our volume in 1930 has shown an increase over 1929.

"Our profits for 1930 will be substantially greater than for 1929. They will be larger than for 1928. Practically all of the profits for 1930 will be represented by the savings accomplished in controllable factory costs and in sales and distribution expense. The selling price of our product today is more than 25 per cent below the price on January 1, 1929. Raw materials are somewhat cheaper. But without the savings referred to, we should have had no profit at all this year.

"We can't pretend that we have not known that there is a business depression. We have been well aware of it."

Adolph Zukor, president of Paramount-Publix Corporation, and one of the outstanding business geniuses of the movies, was one of a group of business men admitting that depression did not strike their industries as hard as others. Paramount-Publix made an impressive increase in the six months' periods under discussion, jumping from \$5,115,000

in 1929 to \$8,434,000 in 1930. Mr. Zukor's comment was:

"It seems to me the two chief factors that led to this condition are:

"The general depression in business affected theater attendance possibly less than any other form of public activity.

"The Paramount-Publix Corporation is operated by the men who founded it and grew up with its development. Its progress and success represent the business careers of the men who manage it, and as a consequence its affairs absorb all their time, energy and business thought.

"You say, 'It has been suggested that a great many business men have done well this year because they didn't know there was a depression.' It seems to me this is merely another way of saying that these men recognized conditions, analyzed them intelligently and then shaped their policies to meet these conditions."

In similar vein is the reply of Charles S. Pearce, president, Colgate-Palmolive-Peet Company. This corporation went from \$3,163,000 in the first six months of 1929 to \$3,761,000 in the same period of 1930.

"In my opinion," Mr. Pearce writes, "certain lines of business are more fortunate in periods of depression than others, largely because they manufacture and sell necessities.

"Added stability is enjoyed if the products manufactured are well and consistently advertised. Advertising and selling effort cannot be relaxed when business is bad."

Aggressive selling

OTTO H. FALK, president, Allis-Chalmers Manufacturing Company, referred to Merle Thorpe's editorial in the October number of NATION'S BUSINESS. His company earned \$2,179,000 in the first half of 1929 and \$2,352,000 in the corresponding period of 1930.

"So far as Allis-Chalmers Mfg. Co. is concerned," he wrote, "I would say that, although the first six months of 1930 showed an increase over the corresponding period of 1929, the latter half of the year thus far has not been keeping up to the same standard. However, we expect the year as a whole to show favorable results, in view of the prevailing conditions, but do not know as yet whether it will equal 1929.

"I can only say that dur-

ing the year our policy has been to go after business in the confidence that economic conditions fundamentally are sound, and that the depression can be more quickly ended by an aggressive, optimistic business policy than by becoming discouraged and holding back until the situation improves.

"While general business at present continues slow, we hope for an early turn for the better."

Psychology is hurting business

HENRY NIAS, president, Lily-Tulip Cup Corporation, agrees with Mr. Falk that even the more progressive business finds itself retarded in the long run by the psychology of depression and its effects on others. Lily-Tulip Cup Corporation earned \$357,000 in the first six months of 1929 and \$439,000

(Continued on page 98)



Many companies made hard times an opportunity to increase pressure and set salesmen's feet more firmly on the paths to success

SINCE LAST WE MET ★

NOVEMBER

- 10 • WARD LINE meets Cunard challenge of \$140 round trip rate, New York-Havana, with \$130 offer to stimulate winter travel.

- 11 • EDWARD N. HURLEY, Chicago business man, gives \$200,000 to Notre Dame to build college of Foreign and Domestic Commerce.

ALFRED P. SLOAN, Jr., president of General Motors, tells stockholders the corporation has not cut wages and hopes not to. Stocks of finished cars reduced by 42,851 units in first nine months of this year.

- 12 • CHRISTMAS Clubs to distribute \$612,000,000. Estimated that one third will go to retail trade in gift buying.

- 13 • PAN-AMERICAN AIRWAYS and Imperial Airways, British, plan trans-Atlantic air-mail service via Bermuda. Three-day schedule, with stops at Azores.

WORLD-WIDE copper conference in New York decides on curtailment of 20,000 tons a month. Would hold "so long as the present condition continues." Prices up $\frac{1}{2}$ to 1 cent a pound. Trade Commission and Department of Justice may have something to say.

- 14 • CHRYSLER cuts quarterly dividend from 75 cents to 25 cents. Net profit for first 9 months \$2,492,747. Was \$24,730,419 in corresponding period last year.

THOMAS W. LAMONT, of J. P. Morgan & Company, at a meeting of the Academy of Political Science suggests a reconsideration of our 40-year-old anti-trust laws.

- 15 • GOVERNMENT-FINANCED Grain Stabilization Corporation buys 10,000,000 bushels in Chicago. Frenzied buying and selling in world markets. Bulk of sales at 73 cents.

DROP of 1.4 per cent in employment and 41,339 establishments in the 13 industrial groups employing 4,840,914 men in October, Bureau of Labor Statistics reports. Pay rolls shrink 8 per cent.

NEW YORK TIMES computation shows that 100 stocks, with uninterrupted record of dividend payments for 10 years, yield $1\frac{3}{4}$ to 18 per cent. Bought at highest price in 1929, yield would have ranged from $\frac{1}{2}$ of 1 per cent to $6\frac{1}{4}$ per cent.

NOVEMBER

- 16 • ALEXANDER LEGGE, chairman Federal Farm Board, says government Grain Stabilization Corporation has again entered wheat market. Action taken, he explains, to stop "panicky selling" and to "prevent further unwarranted declines."

PARIS may extend London a credit of \$1,000,000,000, partly to pay off existing short-term credits.

- 17 • FIFTY banks in South close doors in one day. Failure of National Bank of Kentucky shuts six others. Forty-three suspend in Arkansas.

GOVERNOR ROOSEVELT of New York announces he will invite governors of Massachusetts, Rhode Island, Connecticut, New Jersey, Pennsylvania, and Ohio to participate in a round table conference on unemployment at Albany in January.

- 18 • UNITED STATES TREASURY deficit put at \$278,291,356, November 15. \$71,000,000 above a year ago.

- 19 • FRENCH trade falls \$396,760,000 in 1930. Imports drop 10 per cent, exports 13 per cent in ten months.

NEW YORK retailers make an organized drive against state sales tax.

NATION pays retail bills of \$20,000,000 annually. Average loss on bad debts is .06 per cent, Department of Commerce reports.

- 20 • AGGREGATE profits of 640 corporations for first nine months of 1930 were 24.42 per cent under those of same period of last year. Report is Ernst & Ernst's. Greatest losses in mining including coal and smelting, electrical household equipment, aeronautics and textiles. Amusements, restaurants, soft drinks and candy gain.

INTERNATIONAL HARVESTER statement estimates that dividends will be more than earned in 1930 and 1931.

- 21 • KEEL of first of 30,000 ton liners planned by United States Lines to be laid December 4 at yard of New York Shipbuilding Company.

RAILROAD chieftains representing 90 per cent of mileage, pledge job aid all winter

A Business Record November 10 to December 10

NOVEMBER

at annual meeting of Association of Railway Executives in New York.

STONE AND WEBSTER, engineers and utility managers, report net increase for year ended September 30, at \$6,996,550 with earnings at \$3.70 a share.

- 22 • RAILROAD BROTHERHOODS and the Switchmen's Union endorse a six-hour day with no reduction in the daily rate.

SIX MORE banks close: in Missouri (2), Tennessee (1), and North Carolina (3). All small.

- 23 • DEPARTMENT OF COMMERCE reports American investments abroad at \$7,500,000,000.

TWO MORE banks close, one in Louisiana, one in Indiana. Six reopen.

U. S. SUPREME COURT finds 10 large motion picture producers and 32 film distributing boards (they handled 98 per cent of the films) guilty of violating the Sherman law.

- 25 • NEW PASSENGER car registrations in 37 states for October were 109,771 as against 200,535 in October, 1929. Ford had 37.5 per cent and General Motors 34.4.

- 26 • FARM BOARD'S loss on paper put at \$25,000,000 in wheat and \$40,000,000 in cotton.

STEEL PRODUCTION, says *Iron Age*, is about 41 per cent of capacity.

- 27 • ASSOCIATION of Railway Executives asks wide legislative aid for the roads. One request is that pipe-line common carriers be subject to the same reductions as the railroads.

ELECTRIC power production up over preceding week but six per cent under a year ago.

- 28 • ROCKEFELLERS reported out of Standard of Kentucky, Standard of Kansas, Atlantic Refining, Prairie Oil and Prairie Pipe Line.

- 29 • NEW YORK TIMES says dividend distribution for 1930 will be \$4,415,000,000 as against \$4,488,000,000 last year. Expect

NOVEMBER

final figures to be about the same for the two years.

POST OFFICE bids for air mail via Bermuda and the Azores to Europe.

SOVIET RUSSIA says it is ahead on its five-year economic plan.

INSURANCE against rackets and sabotage to be written by English companies for American industries.

DECEMBER

- 1 • NEW YORK TIMES' table of 240 stocks showed loss in market value of \$781,000,000. Utilities, railroads and oils account for most of the losses.

- 3 • STEEL prices up about \$1 a ton.

- 4 • HOOVER asks \$150,000,000 emergency fund to accelerate public works. Aid to unemployment.

INTERSTATE Commerce Commission proposes in annual report an easing of laws regarding railroads.

- 6 • INTERSTATE Commerce Commission orders the Pennsylvania Company (owned by the Pennsylvania Railroad) to rid itself of its 48 per cent ownership of Wabash and its 30 per cent ownership of Lehigh. The aggregate investment is about \$106,000,000.

- 7 • DEPARTMENT OF COMMERCE reports drop in exports from \$4,370,000,000 in first ten months of 1929 to \$3,280,000,000 in same period of 1930. Imports down from \$3,750,000,000 to \$2,650,000,000.

- 8 • PENNSYLVANIA will fight order to make it give up Wabash and Lehigh.

FEDERAL GOVERNMENT will borrow \$400,000,000 at $1\frac{3}{4}$ per cent for six months and $1\frac{7}{8}$ for 12 months. About the lowest on record.

PRESIDENT HOOVER asks Congress to appropriate another \$150,000,000 for the Farm Board. This leaves \$100,000,000 unappropriated of the half-billion originally planned.

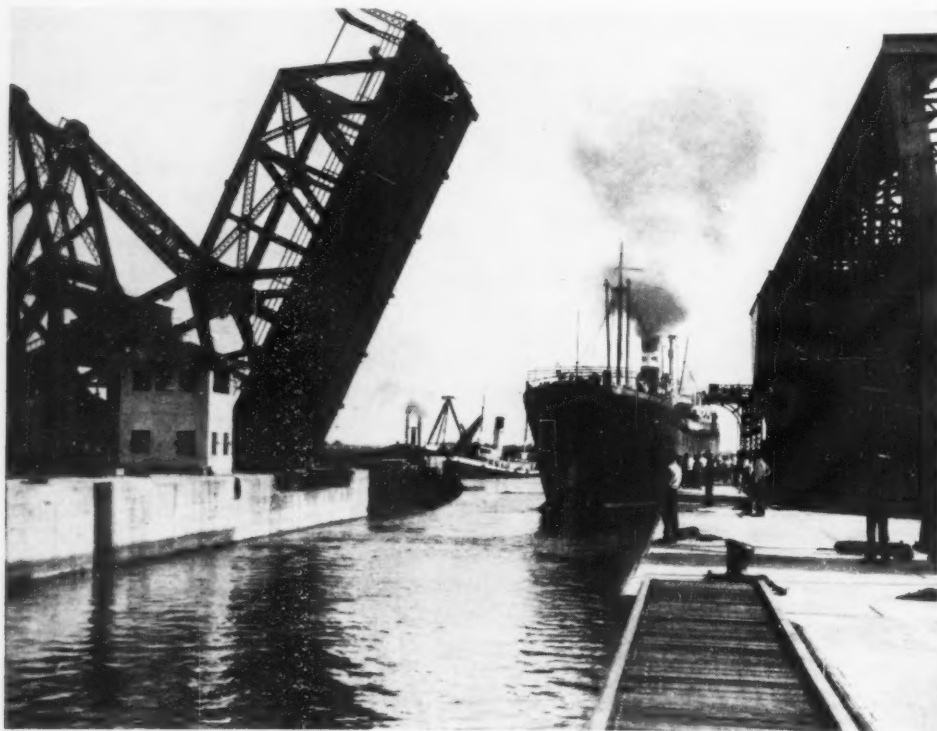
- 10 • CAR LOADINGS for week ended November 29 were 702,085 as against 836,310 a year ago. Figure better than expected in view of Thanksgiving day.

Our Railroads in the Next Ten

By Claude R. Porter

Member, the Interstate Commerce Commission

★ THE Association of Railway Executives which represents every Class I railroad in the country will demand sweeping relief from Congress. The executives believe the roads face the most serious emergency in their history. What affects railroads affects thousands of investors in rail securities. Here is a picture of the emergency



The inland waterways each year are carrying more freight and every ton that moves by water is a ton that does not move by rail

WHAT is to happen to the railroads in the next ten years? I do not know. No one knows. Anything may happen. Every day I hear people say:

"The railroads are the backbone of the community. We could not get along without them."

How do we know we could not get along without them? We have never tried. We may be forced to get along without them.

Let us look at the picture.

We are now well into a period of transition. A definite

railroad man as Cassant of the Pennsylvania System said:

"We can bear what ever happens to us today—legislation, floods, bad crops, panics—because we know that the railroad business in this country doubles every ten years."

It is not doubling any more.

The roads are not holding their own. They are dropping behind. Today is bad enough but tomorrow promises to be worse.

Suppose we examine the scattered bits of the puzzle. The reader may put them together to suit himself, if he does not like the way I do it.

change may be compelled in the next decade. If the railroads are to be saved as efficient transportation agencies it will take the best thought of those in charge, together with the members of the state and national regulatory bodies and the leaders of industry and commerce.

Do not misunderstand me. I am not standing out in the dark crying "boo." Nor am I arguing the case for the railroads.

My only aim here is to present the problem that confronts the people of the country—and does not confront the railroads only. No good is ever accomplished by closing our eyes to facts. The truth is that a coalition of conditions is seriously threatening the prosperity of the railroads. More than that. I can conceive as possible—though I hope highly improbable—that the roads may be run threadbare and ragged.

40 years ago

THEY might slough back into a condition comparable with that of 40 years ago, when flat wheels were the rule, rights-of-way were lumpy and train schedules were only the expressions of hope. If that suggestion seems ridiculous and impossible remember what happened to the stagecoach.

Times are changing today as rapidly as when the horse went out of the passenger business. Let us get down to hardpan. Twenty years ago such a great

Years

The railroads are now facing four new and dangerous rivals. Rivalry does not daunt any business man worthy of the name, but he has—or so it seems to me—a right to demand that the rivalry be fair.

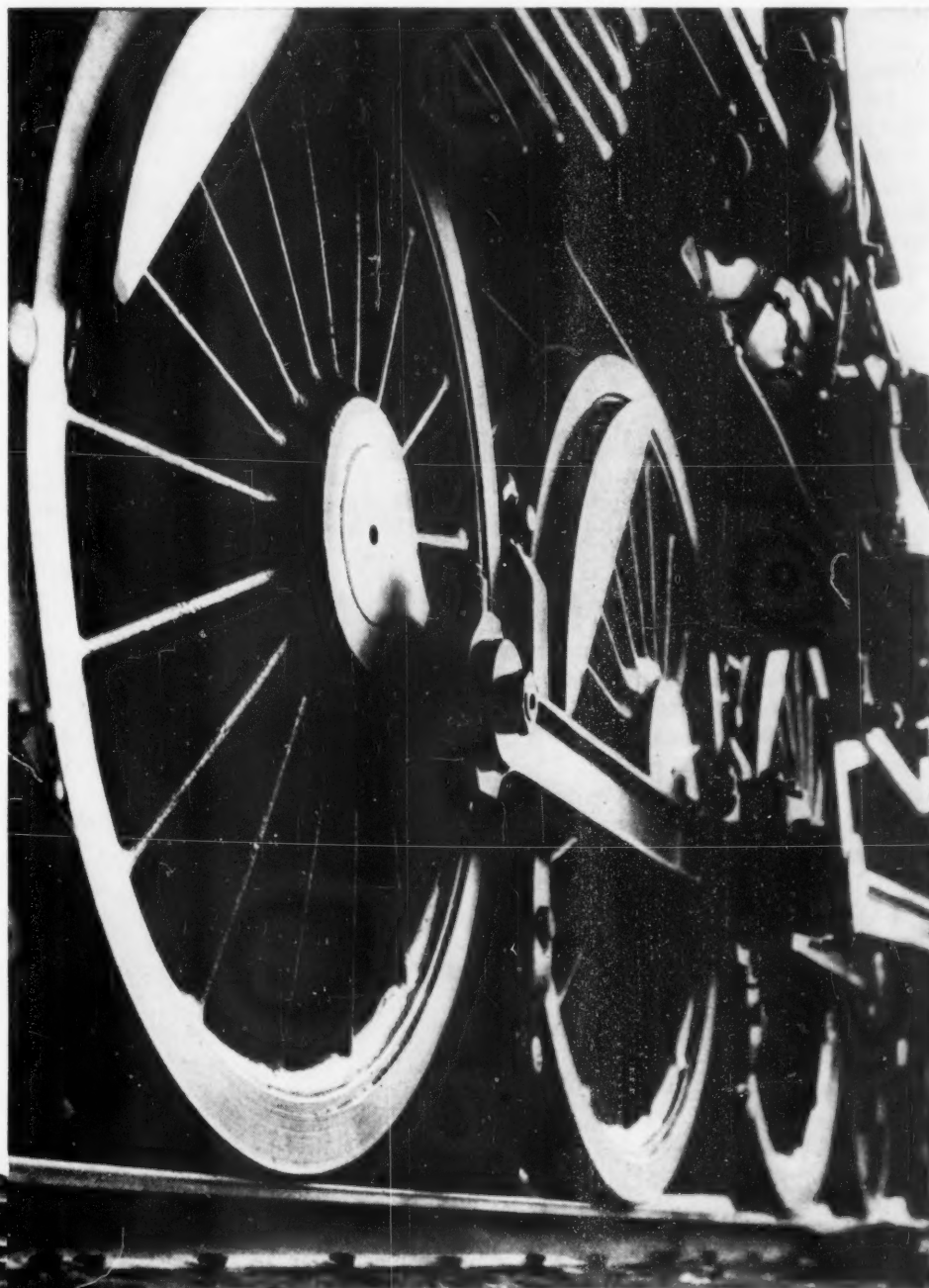
Three of the new rivals of the railroads are being directly aided by the Government. Daniel Willard, of the Baltimore and Ohio Railroad, calls this government aid a "subsidy." The three competitors to which the people are giving aid in their fight for business against the railroads are:

Transport by air.

Transport by the recently rejuvenated inland waterways and coastal lines.

Transport by motor bus and truck.

The fourth competitor is perhaps as dangerous as any one of the three because it depends on unaided efficiency to get business. That competitor is



Investors have absorbed more than 14 billion dollars in railroad bonds and ten billions in stock

the pipeline. The pipeline is taking business away from the railroads because it can handle its peculiar form of business more cheaply than the roads can. Before going on to offer evidence of the injury the four rivals are doing the railroads I must present an obvious commonplace:

Whatever hurts the railroads hurts every one of us.

24 billions in investments

THE investors of this country have absorbed more than 14 billion dollars in railroad bonds and almost ten billion dollars in railroad stock. One insurance company alone has more than half a billion dollars' worth of railroad securities. One dividend-paying railroad has more than 212,000 stockholders. The least imaginative can discover for himself a score of hurts which the crippling of the great rail transportation systems would inflict upon us.

Here is one illustration. Economies forced on the roads



Motion pictures on trains have been tried in an effort to bolster declining passenger traffic

in the 1920-28 period saved to them \$1,000,400,000. Their operating expenses were reduced by that almost incredible total.

I say these economies were forced on the roads because in that period freight and passenger rates were fixed by agencies exterior to the roads. In that regulated period, then, the roads returned to the public 900 million dollars in reduced fares. In that same period, too, the roads paid 117 million dollars more in taxes. They had to economize. But this extraordinary efficiency cast a black shadow. In 1928 there were 377,000 fewer men on the pay rolls than in 1920.

This army was not added to the legion of the unemployed by the desire of the railroad administrators. No business man ever willingly reduced his pay roll. Let us examine the reasons.

Through the ten year period ending with 1930, the freight business of the railroads has remained stationary. In 1920, the Class I roads hauled 2,259,983,278 tons. In 1930 the freight business will run about 2,250,000,000 tons.

In the same period the roads lost almost one-third of their passenger revenues. To be exact they received \$428,885,689 in 1929 for hauling 383,480,413 fewer persons than in 1920.

The Interstate Commerce Commission decreed that 5.75 per cent is a fair return on the value of the roads. Due to this diminution in business the eight months of 1930 ending with September 1 show an earning by the Class I roads at the annual rate of only 3.94 per cent. The smaller roads are by no means so fortunate. Yet seven of the ten years beginning with 1920 were highly prosperous. In that decade 50,000 miles of weak and short lines were saved to the railroad transportation system by unification with stronger lines. Yet 1,000 miles a year are being abandoned.

No funds for improvements

ONE consequence is stated by W. B. Storey of the Santa Fé.

"The railroads," he said, "have been forced to postpone necessary maintenance. The continued failure, even in times of high prosperity, to earn what has been legally declared a fair return, makes the roads hesitate to continue ex-

penditures for enlargements." If this is a fair statement, and Mr. Storey is known as an optimist, then the roads are refusing to spend money to enlarge systems which leave them annually in the red. There is no power in a democracy to make a man spend money if he has no money and cannot borrow. It is doubtful if they can again put into operation such economies as showed such remarkable results during the 1920-1930 period.

Have already cut costs to bone

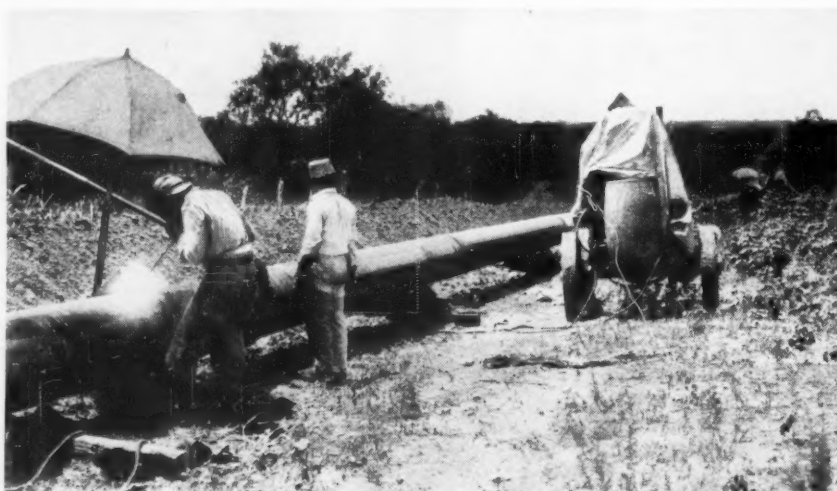
OCCASIONALLY an unusual condition may be met by an exceptional man, but it may be assumed that the roads have already cut their costs to the bone. Frugality alone will not save them. Some other means must be devised. What means?

The consolidations which have been proposed and have been under examination for some years? A form of super-control? A further abandonment of minor and branch roads and a concentration on main lines and long hauls? A transport company owning and operating air, motor and rail lines? Government ownership and operation? I am not proposing a remedy but merely trying to make a diagnosis.

Of the four new rivals, the airlines are at present the most spectacular and least formidable. I say "at present." It is not possible to say what the air business will amount to in ten years. But we can examine the figures of today.

There are 1,813 landing fields in this country and 809 more

(Continued on page 64)



The pipeline, the bus and the airplane are three of the new rivals which are seeking business formerly belonging to railroads. Each of them is taking away part of the roads' revenue



Villages and hamlets are shrinking—and one reason is the village storekeeper

Villages Are Dying—and Who Cares?

By JOHN CARLYLE

ILLUSTRATIONS BY FRANKLIN BOOTH

★ **AMERICA'S** villages and hamlets are vanishing. You've observed the trend yourself; Census Bureau figures provide statistical evidence of the fact. Mr. Carlyle, who knows his villages, frankly rejoices at their waning and points out some little-appreciated reasons for the urban trend

AMERICA'S hamlets seem to be fading out. They are following into oblivion the high-wheeled buggy, the little red schoolhouse and the quaint custom of bobbing for apples. Not long ago the State of Illinois sold a perfectly good village as abandoned property. All it lacked was people.

Figures from the eight states that ring the 1920 center of population near the Illinois and Indiana line show that 60 per cent of the small towns counted have lost population. A few villages showed increases which were less than what should have been the normal boost through the beneficent processes of nature. The wayside inn is giving way to the road house and the hot-dog stand. The country doctor is practicing in the city, and likes it better. There are cob-

webs on the windows of the little brown church at the crossroads. General stores in the hamlets are dealing in gasoline and canned cakes.

All of this seems very sad indeed.

Smaller hamlets

I AM a confirmed but theoretic lover of the good old days. For a very little I would burst into tears.

For all that—so it seems to me—we will be better off without the hamlets.

However, the promise that we will be without them is not definite as yet.

The preliminary figures of the census carry no guarantee. They seem to show that:

The small town, the hamlet, the unincorporated village, ranging in population from practically nothing to about 1,500, is decreasing in habitants.

The somewhat larger towns are increasing in population. The compilers have not ceased compiling, but the indications are that the larger and more



"But it's 60 miles to the Syracuse Fair."
"What of it?" answered his farmer friend

comfortable the town the greater its rate of increase.

The agricultural population is diminishing in numbers but growing in *per capita* dollars and appetites.

That seems to be all to the good. But what is the reason for the shrinkage in small towns?

One reason seems to be the general storekeeper.

The general storekeeper will now rise and call me names. Of course he has a defense. He is often old and there are too many of him and his farmer clients have been used to his ways and he did not realize that they were dying off and the young ones wanted other things. There are plenty of things to be said for him. But listen to this:

Down on the Mexican border is a general storekeeper who may be introduced as *Señor* Bill. Up north we would call him a good old guy. He has an ivory-handled six shooter under the counter, a book filled with bad debts and an unconquerable optimism. Every Mexican for 60 miles around has been *Señor* Bill's customer, because he likes them and trusts them. The other day he shook his head at Dolores:

"Listen, kid," said he. "You don't want those silk stockings. They won't wear, *niña*. Here's what you're looking for."

He threw out a pair of rugged cotton stockings, reinforced toe and heel. Dolores looked at them. A slender Dolores, with neat ankles and a straight back and the sorrow of the world in her big, black eyes:

"*Gracias, Señor* Beel," whispered Dolores. "*Muchas gracias.*" Then she walked out on him.

They buy what they want

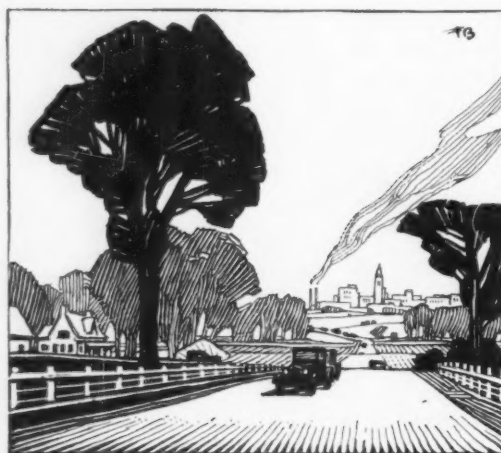
SEÑOR BILL said he did not know what has been getting into the Mexican girls. They will not wear shawls as their mothers do. They call for high-heeled shoes and fancy hats and little silk frocks like the girls wear in Dallas. He said that we all know that ain't right.

"What's happened to your trade, *Señor* Bill?"

"Shot," said Bill.

Not only his trade is shot, his hamlet is shot. If he will not sell his customers what they want they will get it somewhere else. The captious reader may say this is an isolated incident.

But the same thing is going on all over the land in big and little villages.



Good roads lead almost everywhere except to the stick-in-the-mud merchant's door

A Department of Commerce investigator told me another sock story to illustrate the backwardness of the village merchant. One of the chain stores had been featuring a chilled steel sock for 29 cents a pair. It would never wear out. The *Señor* Bills operating the village stores cried bitterly about it:

"We cannot compete against prices like that," they said.

Thereupon a wholesaler determined to help his storekeeping friends fight the chain. Incidentally, he would help himself, of course. He had made the super-sock of Christendom. It could not be marred by an emery wheel and its brilliance was that of a wolf's eye in the underbrush.

"Sell that at a quarter," he said to his village storekeeping clients. "You'll not make much money, but you will drive that 29-cent sock off the field. Advertise it. That is the most superb bargain ever woven."

Every village storekeeper—every one of them, mind—put that sock on sale for from half a dollar to six bits.

"It's the first chance we ever had to get a little gravy," they said.

Of course the 29-cent sock went on getting the business and the hamlet storekeepers and their hamlets lost.

Here is another illustration of that same stubbornness among hamlet merchants. In a small town in Vermont is a general store run by a nice old man. It has always been a good general store. It has brought trade to his little town. Farmers come to buy from him, because they know he will have whatever it is they want. They buy something of some other local merchant before they get out of town.

That is the way cities and businesses are built up. It is not too much to say that the small towns are built around their stores. Churches, schoolhouses, scandals, sewers and bond issues come later.

When the girls began to hike their dresses up to their knees and wear silk stockings the storekeeper's better nature revolted:

Revolt against modernizing

"I WON'T sell 'em," he said. "They gotta go somewhere else for those contraptions."

They did go somewhere else. The little town felt their going tremendously. Imagine a countryside filled with good-looking girls, each determined to spend the maple-sugar money on new clothes, and all diverted to the town's nearest rival! This is not a fable or an exaggeration. The thing actually happened. Good roads lead almost everywhere nowadays except to the door of the stick-in-the-mud storekeeper.

There was a time when we lived in a horse and railroad geography. When we had only a few miles to go a horse dragged us through the dust or mud. When we went a more considerable distance we got cinders in our eyes and made it a state occasion. Maybe mother went down to see us off and we carried fried chicken in a basket.

Under such conditions a hamlet with a general store was a necessity every five or six miles. If the storekeeper carried nothing but red underwear the whole population flamed at dawn and eve. They had no option.

Now we live in a concrete and rubber geography. We drive long distances like the Old Harry. Dr. C. J. Galpin, the principal agricultural economist of the Department of Agriculture, told an illuminative story. He was visiting a



There are cobwebs on the windows of the little brown church at the crossroads

farmer friend in New York State, in the at-one-time isolated community where as a young man he taught school. After they had wandered about the farm and listened to the rich chuckles of the fat pigs the farmer said:

"Let's go to the Syracuse Fair."

"But that's 60 miles," said Galpin.

"What of it?" asked the farmer.

The city man could not believe it. He had not yet adjusted himself to the livelier agricultural age, although he is the principal agricultural economist.

They climbed into the farmer's automobile and drove to Syracuse in an hour and a half. They dined at the hotel that night and until ten o'clock talked over a new food ration with an expert and were in bed by midnight.

The farmer thought nothing of it. It was the city man who goggled.

I am honest in my conviction that incalculable harm has been done the hamlets by merchants who have not gotten out of the mud. When the villagers and those who live nearby begin to drive 20 miles to shop the hamlet is ruined. It may not know it, but it is. That is precisely what has happened to hundreds of townlets.

But the right sort of storekeeper can keep a village propped on its tottering legs. He can even make it sound again.

Roads run to the villages

GEORGE L. COYLE, the alert head of a large department store in Charleston, W. Va., listened to me sound off what seemed an undebatable platitude:

"Good roads draw the country people into the city."

"Good roads run both ways," said Mr. Coyle.

He told of a country storekeeper, located in a hamlet beset by good roads. The other storekeepers note gloomily that the good roads are sapping their trade. They sit behind the dinky windows of dark stores. Women who come in to shop are made welcome to the kitchen chairs which hem in the barrel stove, if any are not occupied by ancients engaged in mastication. Usually the storekeeper tries to sell the feminine shopper a dress.

"Women do not go to a village store to buy party dresses," observed Mr. Coyle. "They know better. They window shop in the larger towns for a time. When they know what they want they buy."

The storekeeper admired by Coyle is doing a nice business and has been doing it for years and it is getting better annually. He has a clean, bright store and up-to-date goods. When a house-

wife wants a paper of pins or a yard and a half of blue ribbon she knows that she can get it. He knows his customers do not come to him for Paris gowns. If he has not precisely kept his hamlet alive he has at least arrested the processes of decay.

"Farmer folk do not want to drive into the city for every little purchase," said Coyle. "A store equipped with the conveniences will hold their trade except for the luxury lines. And the good roads take city people into the country for some part of their shopping. They like to ride in the fresh air and buy vegetables and eggs at the farm stands. The little stores can—if their keepers know how to do it—work up a nice business in ice creams and soft drinks and the lesser marketing. Just as the country people wish to avoid the congested city streets, the city people like to get out on the open country roads."

These conclusions are supported by certain facts.

The Canner reports that a daily average of \$100 was taken in on the sale of home-made jellies and jams by 12 wayside stands on farms in two midwest states.

The University of Illinois found that a majority of the small-town storekeepers who are offering their customers what they want are holding or increasing their trade.

Economist Galpin maintains that the farmer, far more than the city man, enjoys a personal relationship with his storekeeper and editor and banker. He will remain loyal to them, says Galpin, if they deliver the goods.

But they must deliver.

A survey made for the Retailers National Council notes that the stores of certain towns have been losing business to other towns because they did not give service. They were dark and poorly arranged. There is no excuse nowadays for a storekeeper remaining ignorant of the more effective ways of mapping his store.

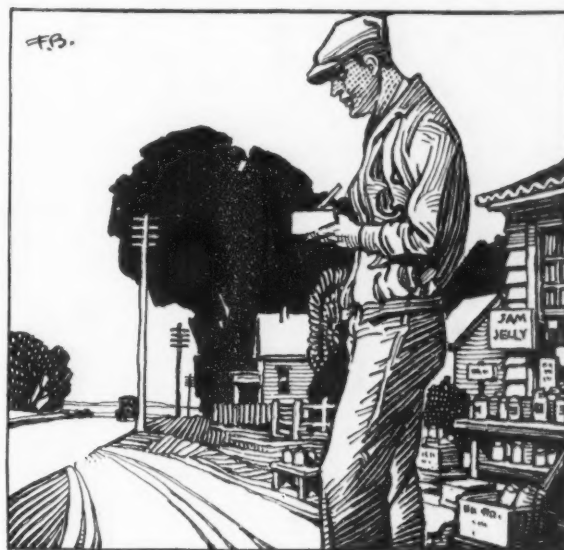
Farmers want better markets

WOMEN shoppers were not offered pleasant rest rooms. Underpaid and immature clerks gave the impression of snootiness. Buyers nowadays know too much to be fooled often. They

take their eggs to better markets.

This survey stressed the fact that the towns were losing ground because of the faults of the storekeepers. Opinion seems to be fairly general that appeals to local patriotism stir no red corpuscles in the buyer's veins. He does not care particularly whether this town or that grows or diminishes. He would not stir a hand to help either process. What he wants to know is how much money he can get for his eggs.

The farm population has been decreasing for 20 years. It has been on the down grade in some parts for 50 years.



A daily average of \$100 was taken in by 12 wayside stands in two midwestern states

Better machines and methods have enabled fewer men in the fields to feed an increasing number of people in the cities. That down-turn in agricultural population is proof of the farmer's efficiency.

The farmer's wife is a more interesting woman than she was two decades ago. She has the magazines and newspapers and radio and telephone and she drives her own car.

The hamlet has no attraction for her. She whizzes on to the nearest larger town, where she can have her hair bobbed and go to a movie and pick up the latest novel at the library. Here is a conclusion worth noting:

The University of Texas has worked out what it calls a "definite law of retail gravitation."

Briefly stated it is that towns and cities draw from smaller intermediate towns and hamlets in direct proportion to some power of the population of the larger cities.

Folks move from the hamlets to the villages and then to the towns and then

to the smaller cities and then to the larger cities.

With apologies to Dean Swift, the law laid down in his couplet must be reversed. Nowadays:

"The smaller fleas have larger fleas to bite 'em."

If there are fewer men and women on the farms, they have more money *per capita* to spend in the "farmers' towns" than they had 20 years ago. Nowadays the "farmer's town" is in the 5,000 to 10,000 classification instead of the 200 to 1,000 of a few years ago. Dr. Galpin holds that the farm population has decreased four and one-quarter million persons in 20 years. But he also declares that the gross cash income of the American farmer has been steadily maintained at slightly more than ten billion dollars annually. If there are four and a quarter million fewer persons to spend that ten billion, then the relative prosperity of the "farmer's town" is accounted for. And the "farmer's town"—as distinguished from the hamlet—is prosperous.

The American Press Association gets out an annual book in which advertisers are told of the trade outlets in the smaller towns. Many of the counties in which these small towns are found have no daily newspapers. The weekly paper brings the home news to the farmers and is read from Friday to Friday while a metropolitan daily covers the comics and fashions and the state of crime in Chicago. In a hasty glance through the A. P. A. book one fact leaped to the eye.

The modern farmers' town

THERE are almost as many plumbing-supply stores as there are stores in which radios are sold. There is a noticeable frequency of stores which sell music, apart from the dealers in radios and phonographs. There are tea shops and haberdasheries. The consolidated schools which were originally set on country roads in the presumable center of a farming district are being placed with increasing frequency in the "farmer's town." The farmer's wife can do her shopping and be beautified when she brings the kids to school. When the farmer retires he moves into his town for the sake of the church and the school and the library. Sometimes he moves in before he has retired and drives out to do his farming. Is it any wonder that the hamlet is declining?

Suppose the habitant of a hamlet district gets sick.

I know a doctor in a New England hamlet. He is a lively, wide-awake young man who is so competent that he

has several times been asked to go to Boston at a guaranteed income which seems a fortune by the side of his meager intake. In the summer he covers a wide district by automobile. In winter he turns his car into a snow caterpillar and eventually hitches Old Dobbin to the sleigh and when the drifts are top-rail deep he visits by snowshoe. He was born and brought up among his people and he will not leave. No doctor would come to fill his place. He is a hero. He will continue to be a hero until his wife's sane representations finally wear him down. But—

He is out of step with the times.

There are fewer country doctors

A HARD thing to say. But the fact is that the larger medical colleges are turning out specialists. A medical education costs so much in time and money that the fledglings sensibly decide to locate in cities where the potential rewards are higher. These young men will not go to the hamlets. Nor will the graduates from the less costly colleges go to the hamlets. But the towns of 5,000 to 10,000 are equipping hospitals and offering a present certainty and a future competence to them. Those who have not been able to pursue the long and expensive studies which precede specialization in medicine are being attracted.

This is tough for the hamlet. But in the process of evolution the first monkey to lose his tail probably suffered terribly.

The character of the rural population is changing. When I was a youngster I was mildly acquainted with a farming county in Ohio. The farmers were prosperous, Republican and Methodist. If one of them put a mortgage on his farm, he and his wife and his manservant and his maidservant and his children worked day and night and fudged a little on Sunday until it was paid off.

A historic furnace

THAT county has the fattest cattle and the biggest horses and the most persistent odor of lantern wick at four o'clock in the morning that I have ever known. The first doubt I ever felt of its orthodoxy was when one of its most eminent citizens put a hot-air furnace in his house. It had been the custom to sit about the kitchen stove until bed time came.

One of the farm boys in that county recently dedicated what had been a pasture to polo and is making a reasonably good thing of it. The farmers' boys who

not many years ago would have walked to town on Saturday night rather than drive a horse which had pulled a plough all week are now making polo ponies out of western cayuses.

The old-time farmer believed in hard work and saving. When he had a little money he made the first payment on another farm. Driven by his fear of debt, he slaved until he owned it. Then he bought another. He grew rich but he did not live. These toads that hop occasionally out of Texas boulders have been positively dissolute by comparison. When his arteries finally cracked he died surrounded by assets and greed. To escape the farm his daughters had married streetcar conductors. His sons argued in the hall over the division of the gray mule as their father took his last whistling breath.

The new-style farmer is becoming more and more a business man.

He has no superstitious fear of a banker. He may owe plenty of money. So does the merchant with whom he trades. He has learned the uses of the credit system. He manages to have a fairly good time as he goes along. His first easy steps toward a realization that this is essentially a good world may have been taken when he joined a farmers' club. He began to discover wants he had never known and new ways of farming by which he could get the money to satisfy them. His wife ceased to be a drudge and learned how to handle the wind-blown bob.

Everybody benefited

HE discovered that the storekeepers of the "farmers' towns" are friendly to his club. His shrewdness told him that the reason was that the retailers knew that the farther his horizon expanded the more goods they would sell. He liked that. Both sides profited by it. Twenty years ago the Saturday night tub was a fixture. Now farming communities are putting in swimming pools and using them.

"I know a pair of farmers on the Pacific Coast," said Bohannon, of the Bureau of the Census. "Just farmers, farming in partnership 900 miles away from San Francisco. What do you think they did?"

No one can answer a question like that.

"They bought an airplane," said Bohannon, "and they fly it into the big town on alternate Friday nights for the week-end and take their families along. You can't beat that."

What good would a hamlet be to farmers like that?

Rubber, a Crop with Possibilities

By W. M. JARDINE

Former Secretary of Agriculture

THE day when rubber may be one of this country's important farm crops is much nearer than most of us imagine. When it comes the results will be felt, not only by agriculture and rubber consuming industries, but in many other fields

RUBBER is so cheap there is talk of paving streets with it. Nevertheless, the Federal Government and commercial agencies are trying to develop a source of crude rubber within our own boundaries. On its face, this seems foolish.

But domestic rubber production is desirable for at least four reasons. In the first place, crude rubber will not remain at ten cents a pound. When an organized group controls 80 per cent of the world's rubber output (and we must buy a billion pounds annually) it's inevitable that you and I shall pay the price of monopoly.

In the second place, the market for rubber is practically unlimited, provided it can be produced continuously at a fair price.

In the third place, profitable rubber production would not be at all unwell-



Hevea, or Pará rubber trees, being grown in Florida by the Department of Agriculture. Left, intisy, which oozes pure rubber when cut



come to agriculture suffering distress.

Finally, rubber is indispensable in national defense. It is wise to have at least an emergency supply of so vital a material.

The current price of rubber is

unprecedentedly low. Overproduction and low prices were apparent before the general business depression. European plantation owners, facing deficits, met last October to seek a solution. Dutch rubber producers proposed a central

selling organization to control 90 million pounds. British barons felt that to be inadequate. Several months later the Dutch formed a more powerful association and proclaimed that rubber production should be restricted 20 per cent. Negotiations have temporarily been abandoned but they will be resumed. The objective is a long-time restriction program with British, Dutch, French, Belgian, German, and Swiss plantation owners involved. The plan to curb the surplus flow of latex from too fruitful trees is intended, frankly, to repeat the Stevenson restriction days of 1922 and on.

Nearly 27 million car owners in this country have a fair appreciation of what that would mean. Every cent added to the price of crude rubber costs the American driving public an additional eight or nine million dollars annually. The fatal restriction scheme of 1922 boosted the price of crude rubber about a dollar a pound. It failed eventually because too many rubber producers, operating under a medley of flags, were left out of the agreement.

A majority is necessary

PLANTATION owners are now determined that the mistake of 1922 shall not be repeated. They insist that any plan must include a majority of all producers. Whether any new restriction scheme is launched, the next few months should tell.

There is a striking similarity between the present situation and that of 1922. At that time underconsumption, which was confused with overproduction, caused the price of rubber to hover around 14 cents a pound. Today, as a result of overproduction, the price is nervously fluctuating between nine and 12 cents. After considerable talk in 1922, a severe reduction in rubber tapping was

clapped over the entire British rubber area in the East Indies. The plantation owners agreed that they would take the production of 1920 as a basic standard and that tappings would be restricted to 60 per cent of the basic production. Tappings exceeding the agreed amount were penalized by an exorbitant export tax.

When the price went above a dollar a pound, we found ourselves seriously concerned. Pending the inevitable failure of that price-fixing scheme we paid out hundreds of millions of dollars for artificially priced rubber. Now, eight years later, we are in the restriction-planning stage again.

Restrictions may be renewed

WHILE a repetition of the Stevenson years would be distasteful to you and me, I suspect we must frankly admit that European plantation owners have as much economic and moral right to restrict the production of rubber to increase prices as we have to limit the production of cotton, wheat, corn, or any other crop. However, we have a right to protect ourselves. Five years ago, when crude rubber prices were almost prohibitive, we called for domestic production. Current low prices have reduced, but have not eliminated, that urge.

There is real merit in the American farmer's desire to reduce the acreage of lands in surplus crops and to expand wherever economically practicable the acreage of all types of botanical growth now underproduced. For

instance, the withdrawal of submarginal lands from wheat and cotton production and the foresting of those lands is sound business. An expansion of domestic cane and beet sugar production as rapidly as prices and costs of production warrant likewise is sound. The same principle applies to rubber. If farmers in specific areas can grow rubber profitably, agriculture as a whole will benefit. It will put into agriculture's pockets huge sums that now go to foreign producers.

But when we mention rubber, an element of mystery enters the picture. Most people think of our agricultural crops as native to our soil. Owners of California navel orange groves have forgotten the romance of the introduction of the first tree from Brazil. The farmer of the Middle West who cultivates Durum, Kanred, or Kharof hard red winter wheat does not hear the chanting of the Volga boat song in the sea of wheat on his acres. Rice from Japan, dates from Mesopotamia, alfalfa from India and Turkestan, and cotton from Egypt have lost their exotic lure.

From tobacco, corn, and a few lesser native crops, our agricultural plant has expanded and become diversified until today we produce a sufficient variety of staples and delicacies to satisfy the most fastidious tastes.



A guayule plantation in California. Machines are used to harvest the rubber

This producing rubber estate in Trinidad is 14 years old

Yet as the greatest rubber consuming country in the world we still hear in the hum of the tires on the pavement, so far as production is concerned, the chanting of Malayan natives and the splashing of oars in jungle streams.

It is no more difficult to produce rubber than to grow avocado pears. Like any other agricultural crop, rubber trees, vines, and shrubs can be grown if the soil and climate are favorable. We look upon rubber as a long-time venture, yet shrubs can be brought to profitable productivity within four years. The chief source of our rubber shifted from one section of the globe to another in less than a quarter century. Perhaps it can shift again.

When Brazil grew our rubber

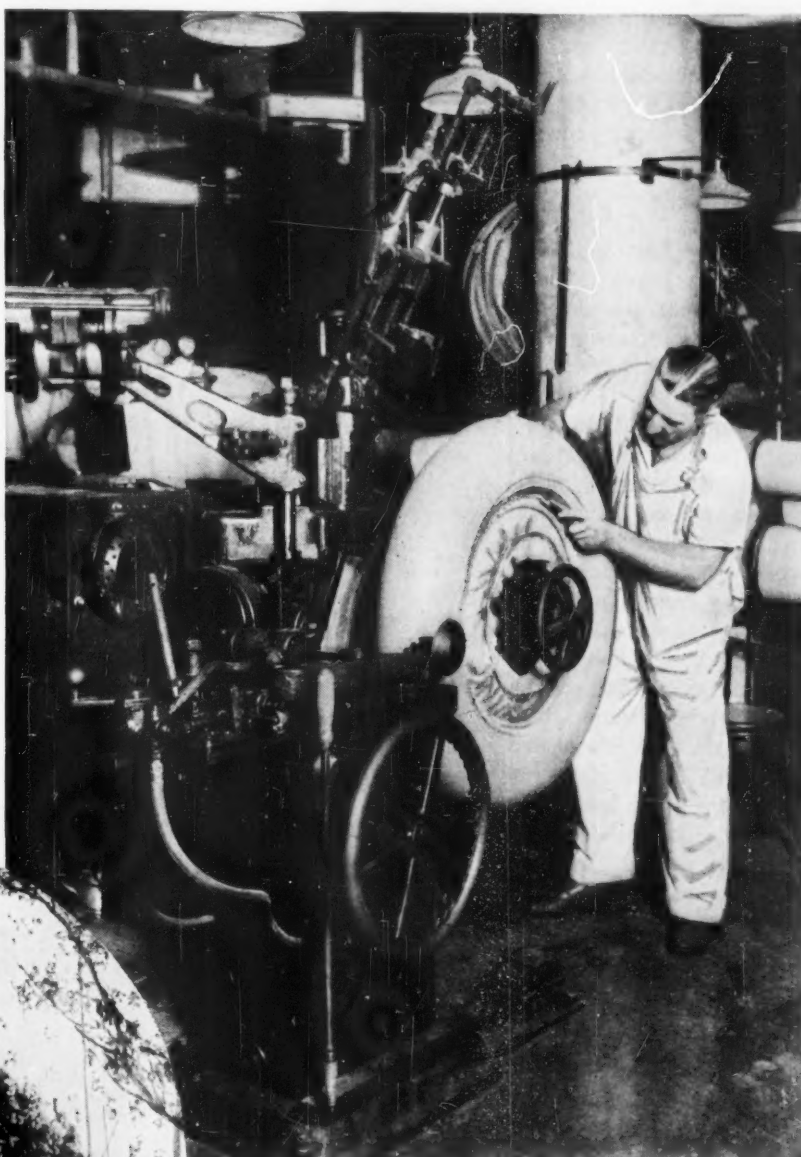
I RECALL the talk about rubber in the early 1900's. Our picture then was that brave explorers bartered around council fires for the rubber which Indians of the Amazon had tapped from the jungles. That was, actually, about the way



Only machines can compete with the cheap labor of the East

the trading was done. The Brazilian product, mixed with a little rubber from Africa, supplied our needs.

In 1900 we didn't anticipate the mushroom expanse in rubber consumption. The world then produced less than 55,000 tons of inferior crude rubber. The investing British and the indomitable Dutch saw an opportunity to grow rubber trees that would produce a little more uniform product. They



COURTESY B. F. GOODRICH CO.

A billion pounds of rubber are imported annually to keep such tire building machines as this busy

looked about for a suitable climate and a place where cheap labor would be available. That mysterious archipelago below China was selected. Within a few years the Dutch and the British

planted half a million acres of rubber trees in the Dutch East Indies, Straits Settlements, and the Malay States. Of course at that time we hadn't much surplus cash to invest in obscure places with the idea of meeting future industrial needs. We were busy developing industries at home.

Four years before the World War, rubber production began to boom in the Far East, accelerated by the exorbitant

price of three dollars a pound. This price was caused by a greatly increased demand and the Brazilians' dream that they could make a fortune overnight with a radical price-fixing scheme.

When the World War broke out, the plantation rubber equalled the production of the Brazilian wilds. American manufacturers preferred the product from the Far East because it was more uniform in quality and had less dirt mixed with it.

Rubber areas may change again

BY the end of the World War, the area devoted to rubber trees in the East Indies was increased some four million acres. In 1900, when we imported less than 50 million pounds, about 60 per cent of our rubber was imported from

Brazil. Today Brazil supplies only three per cent of our rubber imports.

Now government scientists and far-seeing commercial people in this country are working steadily toward the time when the rubber map of the world will be changed again. They may change the map whether a new price-fixing scheme is used in the East Indies or not, but certainly high prices would speed the work. The public would demand enlarged government activities and prospective profits would stimulate the commercial work.

What are the American developments? Thomas A. Edison is perfecting a means of extracting rubber from goldenrod at a cost of about 16 cents a pound. He is interested primarily in an emergency, not a commercial, supply of rubber. The Bureau of Standards has announced the production of rubber crystals and of rubber from crude petroleum. So far that is only scientifically interesting. Rumors have it that American capital is flowing rapidly into the East Indian plantations, but American capital controls less than three per cent of all rubber produced.

There are the Firestone one million acre project in Liberia, the Ford plantations in Florida and Brazil, production from hevea trees in Haiti and Panama, and high-quality rubber from guayule shrubs in California. And intisy, the amazing member of the rubber family, is entrenched in Florida and California.

Many of our large manufacturers have sent agents all over the world to find new localities suitable for rubber production. The Philippines are apparently the best place under the American flag. However, Philippine law will not

permit a company to control more than 2,500 acres, and American industry isn't interested under that condition.

Domestic growth would be best

MEXICO offers fair possibilities, but fluctuating political situations have made many companies cautious and have been troublesome for at least one that tried rubber production there.

Liberia appears to have many advantages, but a well-known American, prosecuting a rubber undertaking there, is meeting political difficulties. For stability and absolute control over the project we would like to stick to our own soil. We find Florida, New Mexico, Arizona, Texas, and California in many ways satisfactory.

The hevea or Pará rubber tree of South America, for example, the species cultivated in the East Indies, will grow in Florida. One hevea tree, in an unfavorable location in Florida, survived for 20 years and was then broken off in a storm. The Pará rubber tree will grow in all the far southern states from Florida to California. Rubber obtained from most trees necessitates much hand labor.

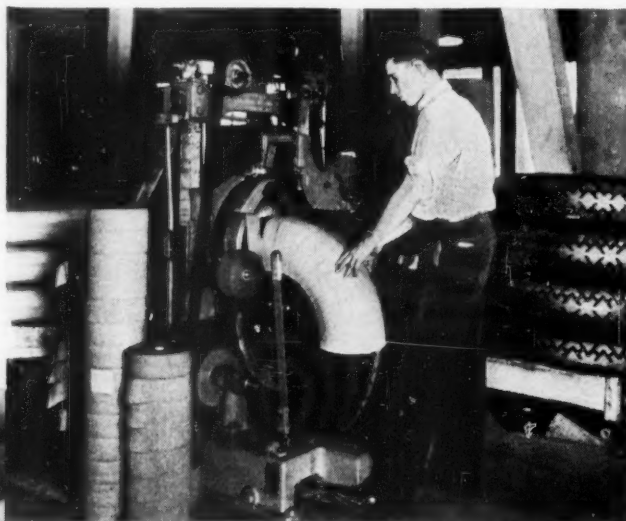
We can scarcely expect our farmers to compete on a hand basis with cheap East Indian or native Brazilian labor.

The American formula for such a situation is to find rubber in plants that can be handled by machinery.

Goldenrod, cactus, and hundreds of other shrubs, vines, and smaller herbaceous plants have been examined. The chief difficulty with goldenrod is that most of the rubber is in the pith and the bark-like portion of the stem; the woody parts have no rubber and they clog extracting machinery. Mr. Edison has determined that his machinery shall overcome this difficulty and Mr. Edison usually finds a solution to his problems.

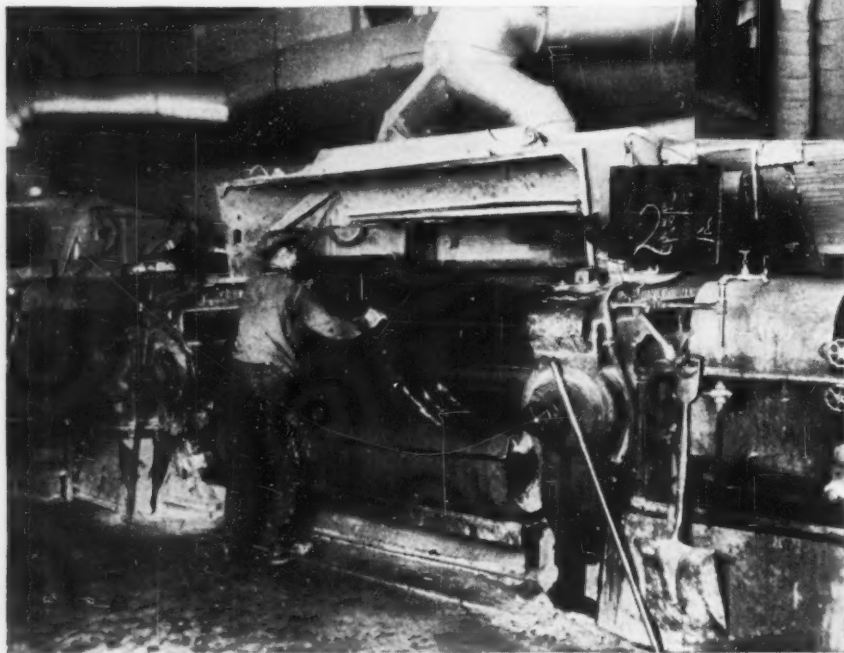
The most immediately promising of all plants now thriving in the United States is guayule, a shrub which grows wild in northern Mexico and western Texas. The native forest of guayule occupies about 130,000 square miles. In the wild state the rubber from these shrubs is not uniform in quality and machinery can't get into the fields for cultivating and harvesting.

Much progress in domestication has been made. An American company has studied the technical problems of harvesting and germinating seeds. Experts have selected the species that could be grown most profitably in the United States. All but a dozen varieties of the shrub have been eliminated and the seeds retained are believed to be the



COURTESY FIRESTONE TIRE & RUBBER CO.

The start and the end of tire making. The machine on the left prepares rubber to combine with cord fabric



COURTESY FIRESTONE TIRE & RUBBER CO.

ones that will yield the highest percentage of rubber. Experts have carefully analyzed weather and soil conditions and the Salinas district of California seems to satisfy all the guayule needs best, although the shrubs can also be grown satisfactorily in areas of Arizona, Texas, and New Mexico.

Guayule now being produced in the Salinas district should erase from the American mind all mystery of rubber

(Continued on page 110)

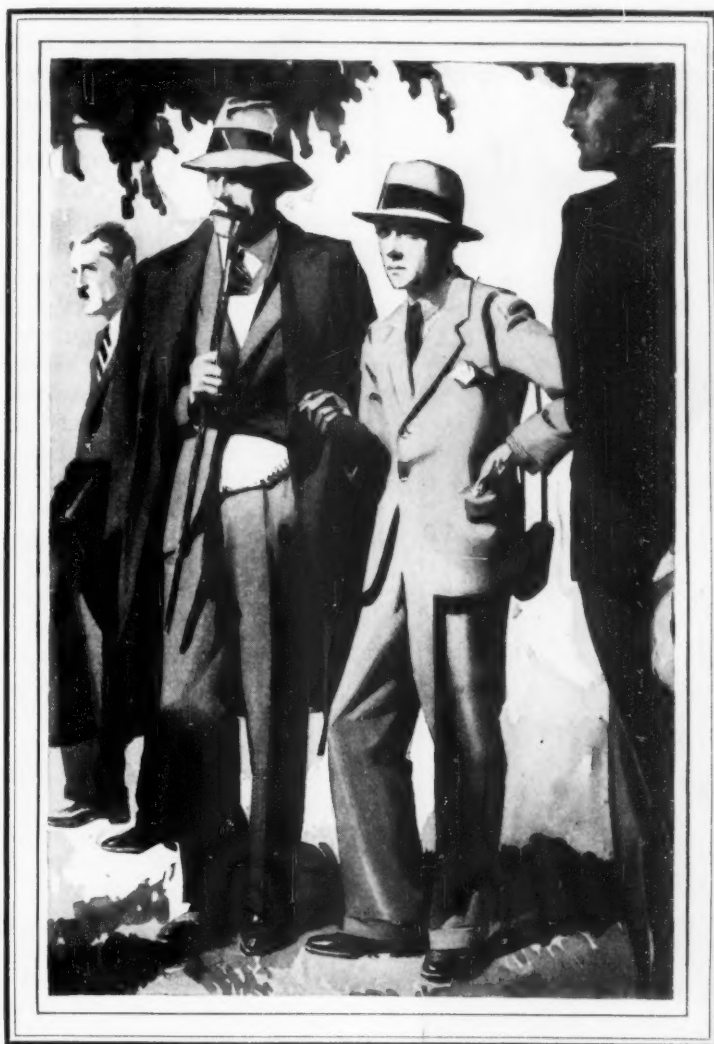
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Our young men
follow the Prince
of Wales keenly in
the matter of style

Ocean Flights Point a Style Moral

E. C. Hill Interviews

R. H. GRAHAM

President, Wallach Brothers

ILLUSTRATIONS BY GEORGE HOWE

THE Prince of Wales," said R. H. Graham, "walked down Piccadilly one day sporting a new style shirt, the tab collar style, with a woven-stripe necktie. Within three hours our London style scout had cabled to us a 500-word description of shirt and tie. Within a few weeks our 13 stores in the metropolitan district of New York were hard put to it to meet the demand for these innovations. Within a few months we had created new business. That's the way styles are made and merchandising expanded today."

R. H. Graham is president of Wallach Brothers, retailers of men's clothing. He has interesting notions about how business must be done nowadays to maintain prosperous momentum. He believes in his ideas. His newest idea is that merchandising must be geared up to the speed and spirit of

AT FIRST thought trans-Atlantic airplane records appear to have no bearing on the business of selling men's clothing. Yet one modern merchant sees them as an X-force that he must fear or adapt to his business. His explanation of his views will interest you

aviation, and in that conviction he has reorganized and transformed the stores of his company.

My attention was attracted to Mr. Graham by an advertisement he put in the New York newspapers. That advertisement said:

"Thirty-seven hours from Paris to New York sets a new pace for us, and we're changing our whole method of store-keeping as a result!"

Even in these lively times and in a seething period of business catchwords, that advertisement was a novelty. A



We watch the natural style leaders and when they show something new we hurry to stock it

little farther along, Mr. Graham further revealed his mind:

"A year ago, as we craned our necks at the *Graf Zeppelin*, we had an inkling of the coming need for a new style-merchandising policy. We thought about it again as we watched trans-Atlantic telephoning change from a startling novelty to a commonplace routine. We itched for action as we thought of the significance of television and saw records smashed by ocean liners, transcontinental planes. . . . And then a few days ago that French airplane dropped in on us (37 hours from Paris to New York, making the Lindbergh trail a two-way path) and we saw the handwriting on the wall. . . . A warning and a challenge to every merchant of things fashionable. . . . We've changed our whole method of storekeeping and merchandising as the result of the lesson that plane taught us."

Frank advertising of a new policy

I SAID to this merchant:

"Tell me frankly, and if need be the secret will be kept, is this old stuff, tucked away in new language, or is it straight goods? Is it merely clever advertising or do you mean just what you say?"

R. H. Graham said:

"Don't apologize for your question. It was natural. The



answer is that the advertisement was on the level 100 per cent, and that we have spent rather more than a million dollars to make it come true down to the last adjective. In 30 minutes I can explain just what was back of that ad."

He talked for 28 minutes with bursts like a machine gun, with the fervor manifested by every enthu-

siast on fire with a conviction. Here is what he said:

"Men are slow to change habits. Most of us must be almost knocked down by a new idea before we are willing to shake hands with it. That's distinctly true with business. Despite the things you hear, business is carried on today, in many commodities and lines, just about the way it was carried on when grandfather was riding a high-wheel bicycle and voting for Rutherford B. Hayes. We have modern and up-to-date machines but ideas and methods are as old-fashioned as a horse and buggy. It takes most business men from ten to 20 years even to try to catch up with the times they live in.

"As head of Wallach Brothers I took stock of our own ideas and methods not long ago and discovered that we, too, were still in the mustache-cup age. We thought we were being modern but we weren't. The outside and inside of our stores hadn't changed materially in years. So we gave the stores a shot of rejuvenation serum. We gave them new fronts, big-windowed and bright and cheerful, making them style mirrors, so that people would feel that they were going into a 1931 store and not a fashion mausoleum.

Salespeople are trained to sell

"NEXT we went after our sales force. Say what you will, salespeople often are not what they should be. They are indifferent or ignorant of what they are selling. This summer we created a school for our salesmen. While most of New York was acquiring expensive tan at the seashore or in the woods, our people were getting their brains tanned. That school is going right along. At least once weekly the counter help is told exactly what it should know and do.

"There are a thousand angles to this instruction. I can't go into them all. But one of the most important is the attitude our salesmen must adopt to woman customers. Merchants who sell men's wear do more than 50 per cent of their dealing with women, because the women nowadays buy many of the things the men put on. Mighty few men have the nerve to buy a suit or hat or necktie without the wife's O. K. So they take a short cut and let her do the actual buying.

"In the past when a woman asked for a dress shirt for her husband—a particular kind of dress shirt—the salesman would lift his eyebrows in that supercilious way that makes every daughter of Eve want to throw things, and suggest some other kind of dress shirt. If she happened to be a woman of spirit and knew her own mind she was likely to walk out.

"We have cured our people of doing that. If a customer asks for a certain article she gets that article without question but our salesmen are instructed to give her an opportunity to see other similar articles without forcing them upon her attention and making her feel like a fool. It's all a matter of tact and sales diplomacy.

"Another thing. You know how irritating it is to go into a store



wanting one thing and have the salesman try to dragoon you into buying a wagonload of stuff. That is out with our people. We're in the business to keep old customers and make new ones and we can't do that by annoying people. There are effective but subtle ways of calling attention to attractive articles that the customer might not have thought of buying. It can't be done with a club.

"Our salespeople are also being taught the fundamentals of their job. They are put through a course that gives them the history of every article they handle—what it is made of, where it comes from, what its special style significance may be, who originated it—all those things. They count nowadays.

"Now let's get back to that French airplane and what it suggested to me. As an airplane or as the vehicle of a great adventure it didn't mean a thing to our business. But as a symbol of the speed of the times, of the rapidity with which European ideas—all ideas—may be brought to us, it meant a tremendous lot. The same applies to the trans-Atlantic telephone, and pictures transmitted by electric cable. That plane roaring over New York brought this lesson to me—styles must be kept up to the minute, not merely to the month or season or year.

"We have said good-bye to the ancient custom of presenting a whole season's styles at the beginning of a season. We won't keep old stuff on our shelves. It has to go at any sacrifice and in the long run throwing it out saves money.

"The merchant who keeps styles that are even slightly out of date is cheating himself. In the end he will find himself using a lot of red ink on his books.

Three schools of style

"STYLES change almost weekly. People are eager for new ideas in dress. They tire quickly of things they were enthusiastic about only a few months or even a few weeks back. They are watching the stylemakers to see what they can seize upon.

"Who are the stylemakers? Well, they are three groups. First of all, of special interest to the younger customers, is the Prince of Wales. Every season the Prince comes out with some new wrinkle that makes a lot of business for American merchants. You would be surprised to know how keenly our young men follow him. They like his breezy independence in clothes, and they have a notion that, if the Prince takes up some new style, it must be the real thing.

"I shall have to amend my first statement that there are three schools of style. There are three schools and the Prince of Wales. He is a whole school in himself. Interesting, is it not, that this young Englishman, who may be the King of England some day, is constantly creating millions of dollars of new business for tradesmen on this side of the ocean as well as in his own country?

"Remember when he came out with the celebrated blue shirt style. Those blue shirts simply swept the country. We pay a style observer a pretty handsome salary merely to keep an eye on the Prince and to take accurate note of what he wears day or evening, formal or informal dress. The minute that the Prince springs something new, we know about it, and if our judgment tells us that it is the kind of thing that is likely to make a hit with young American men, in goes our order to our manufacturers.

"You see what I mean when I use the French airplane as a symbol of the speed and rapid communication of the times.

We must be alert every moment to snatch a new style and hand it along to the public. To do that we may have to jettison a whole cargo of older styles and that is what the up-to-date merchant must do remorselessly, no matter how it hurts. Even for the whisper to get about that a store is a little behind the styles is well-nigh fatal.

"Along with the Prince we keep an eye on his younger brother, the Duke of York, whose popularity has increased a great deal in the past few years. Many of our young men look to the Duke as well as to the Prince as a style monitor. The Prince introduced the tab collar shirt, but the Duke sponsored the low front, short, square-point collar, and so it goes.

"Now for the three schools of style from which we take ideas constantly. First comes the collegiate school, young men in college, setting a distinctive style of dress. For ex-



Many countries influence American styles. England gave us the high-waisted, pleated trouser

ample, we put out last fall what we call 'the nationally accepted university suit,' a soft-moulded, easy-fitting model in dusk blue, worn with a soft collar and an attractive tie. Our scouts roamed the campuses of Yale, Princeton, Harvard, Pennsylvania, Cornell, Dartmouth and a dozen other colleges and universities and discovered that college men were trending to just this type of suit. The instant we came to that conclusion we had Hart Schaffner & Marx perfect a style which seemed to combine the best points of the type and we expect

to sell a lot of them. Past experience tells us that we will in all probability.

"Don't get the idea that college men go in for freakish clothes. Maybe they did once, but nowadays they dress conservatively, going in for inconspicuous colors and designs. It's the prep school lads who take up the wilder sort of styles but they have little or no influence as style models. The point is that the up-to-date merchant watches the colleges to take advantage of every turn and twist of collegiate style.

There's a Wall Street style school

"THE second school that means a lot is made up of what we call the Wall Street crowd. We keep a close eye on the leaders of this set for ideas in apparel. They are not, oddly enough, as conservative in dress as college men. Ever so often our scouts make a Wall Street cruise and visit the gallery of the New York Stock Exchange where they make careful notes of what the brokers are wearing. Many fashions that have reached national popularity were started by individuals whose names or pictures are almost daily in the newspapers as leaders of finance or society. One of these gentlemen, traveling abroad, perhaps, comes across something in the way of clothes that is new and appeals to him.

"He buys a sample, brings it home and has his tailor copy it. Then his friends pick it up and their friends, and it acquires a vogue. The up and coming merchant cannot wait for the style to get around generally. That is why we send scouts to Wall Street.

"Included in this group are the topnotch sporting set—the international polo players, the tennis champions, the yachtsmen, and so on. Four or five years ago a few polo and tennis enthusiasts were the only men in America who wore camel's hair topcoats. One day a prominent Yale student, a member of the Yale polo team at that time and now an internationalist, appeared on the campus wearing a polo coat of natural tan camel's hair. Yale men took it up at once and within two years millions of people were wearing that type of coat. That is how many a style gets its start. We simply watch the natural style leaders, and when they show something new we speed its display in our stores.

"A prominent amateur sportsman of Philadelphia, a patron of boxing and a fine tennis player, was the first man to come out with the low-front, collar-attached shirt. One of our scouts so reported and we immediately speeded the display of that shirt in our stores.

"In the third school of style are the stage and screen stars, especially the latter. There are various leaders in this group but probably the most important to a merchant is Adolph Menjou, a man who knows how to wear clothes and who frequently introduces a new note in his apparel. Douglas Fairbanks used to be followed

by many young men and still is to some extent. Years ago thousands of young fellows who wanted to be dressed up to the minute followed Francis X. Bushman.

"These schools or groups give the style tempo of 1931 and a merchant must be alert in keeping up with them. The merchant must have the willing cooperation of style observers, designers, weavers and manufacturers. We employ many scouts here and in Europe to seek out new apparel ideas. These scouts attend all social and sporting events. They are at St. Moritz, Switzerland, for the winter sports. They spend months on the Blue Coast, at Nice, Cannes, Antibes, all along the Riviera. They take in the fashionable coast resorts such as Biarritz, San Sebastian, Deauville, Le Touquet and Dives-Cabourg. They are seen at the Paris races. They visit our leading universities regularly. They attend the Metropolitan Opera. They are on hand at all the big hunt meets, polo games, golf tournaments, tennis matches and yacht races.

"There is always something new for them to make a note of and for us to hurry into the market. These scouts have deliberately eliminated all personal convictions about style. They are seldom influenced by the dress of one individual. They must observe a new note rather than a new garment or article. They must have the foresight to vision the new thing taken up by the leaders of the three style groups and they must work fast before the new style gets going and incurs the peril of popularity.

"England influences us in shirtings, striped and small necktie patterns, half hose, hats, formal wear. The Guards' overcoat is English. So is the double-breasted coat and the high-waisted, pleated trouser. These are typical English contributions.

"From France we get ideas in necktie silks and in robe styles, in pajamas and shirtings, new handkerchief styles, lisle hosiery and mufflers. Scotland contributes marvelous wools, sweaters, golf hose, mufflers. Switzerland gives us silks for mufflers and for neckties, and handkerchief styles as well. From Germany come new wrinkles in half hose in lisle or wool. Czecho-Slovakia sends influences in cashmere mufflers, half hose and sweaters. We must draw from the whole world and draw fast.

Americans demand better things

"THE people who are buying today's improved automobiles and radios have formed the great American habit of demanding something new and better. Every day one reads of a new product or a new method, a basically better product which sends performance up and hauls prices down, making one dollar buy what two dollars could not have procured a year ago. It hasn't always been easy to talk to the manufacturers. They were inclined to balk at this flood of new styles. They assumed that they were dictators instead of followers in the field of style. But a chain of stores can speak persuasively.

"In discussing quality it might be well to state that many of the improvements in clothing have been due to the scientific advance made in their production. The machine age has developed precise and definite standards in the making of men's clothing, just as machine blocks and cylinders in automobiles are bored to the minutest fraction of an inch by machinery.

"My business is selling men's clothing. I don't know what men in other businesses are going to do but I'll venture this guess—some of them had better stop to catch the beat of the times they are living in. They had better change gears. Nothing less than airplane speed will hold trade today."



College boys dress more conservatively than brokers



L. D. H. Weld

UNDERWOOD & UNDERWOOD

When Brands Face Falling Prices

By L. D. H. WELD

Director of Research, McCann-Erickson, Inc.

WHEN commodity prices were rising rapidly during the Great War, it may be recalled that the prices of advertised goods did not rise with the general upward trend. In fact, manufacturers of advertised goods made capital out of this situation. Some advertised brands never did give way to the upward swing of prices during the war, whereas others reluctantly had to let their prices advance to take care of rising costs. They lagged behind the general upward movement, however.

During the past few months, we have had the opposite situation. Commodity prices have been declining rather sharply, though not to the same extent that

IN the last few months the discussion about private brands as against advertised brands has been renewed. The feeling has been that private brands were gaining because advertised brands were reacting so slowly to a general price decline. In this article a careful observer gives his view of the situation

they rose during the war. Most advertised brands have again been holding their own—but this time they have been resisting the decline of the general price level. Many chain grocery stores and mail-order houses, on the other hand, have reduced the prices of certain heavily used staple commodities, so that they

have kept in fairly close step with the decline of raw material prices. They have made capital out of this procedure.

As a result of this situation, the time-honored discussion about private brands as against advertised brands has been renewed. There has been a general feeling that private brands have been gaining during recent months. There has undoubtedly been considerable basis for this feeling, especially with regard to certain food items. It has been urged that manufacturers of advertised goods are really in danger and that they must do something desperate to protect themselves.

It is undoubtedly true that advertised goods are more stable in price than are unadvertised goods. They do not move

BUSINESS FOLK YOU HAVE READ ABOUT



OFFICER
J. G. Lonsdale, St. Louis banker, a new vice president of the U. S. Chamber for the Southwest



PRIZE WINNER
A versatile artist is Helen Elizabeth Wright, 20 year old poster designer for B. F. Goodrich Rubber Co.



MERCHANT
J. L. Meier, Portland, Ore. merchant, is the new governor of that state. He's for public ownership



HIGH TEA?
Her tea rooms still cause talk. She is Alice Foote MacDougall, who began as a coffee wholesaler



STATUS QUO
Trade Practice rules should stay unless illegal, says former Federal Trade Commissioner Myers



IDEAS, MATERIALS
Culture and goods between Japan and the U. S. both help good will, says Prince Tokugawa, statesman

up and down with every change in raw material prices. Just at present, when commodity prices are declining, the advertised goods appear at a disadvantage. Some manufacturers assert that it would disorganize and disrupt the market if they reduced the prices of their advertised goods during the present drop in commodity prices and that, if they lowered their prices, the benefit would not be passed on to the consumer.

These claims are only partly true. Certain heavily advertised articles are frequently changed in price, both at wholesale and at retail. Examples are ham, bacon, lard, sugar, flour, eggs, butter, gasoline. Experience proves that prices of branded articles can be changed without disorganizing the market or without causing consumers to think that high-priced articles have been reduced in quality just because the price has been reduced. The retailer might not pass the benefit of reduced wholesale prices on to the consumer, in some cases, but this cannot happen so easily as it did in the past because chain-store competition largely takes care of this. The store that holds out for larger profits during a period of declining prices and of trade depression will lose business and play into the hands of the chains.

Branded prices do change

AS A matter of fact, the prices of some branded articles should (and usually do) fluctuate with changes in raw material prices; there are others whose prices cannot well be changed from time to time.

It depends primarily on the importance of raw material prices in the cost of production. In the products just listed, the cost of the raw material is the all-important factor, and the manufacturing operation adds a relatively small increment of value. The Census of Manufacturers shows that the "value added by manufacture" is a relatively small percentage of total value of products in the packing, sugar refining, and oil refining industries. When the price of the raw material changes, the price of the finished product is sensitive, and fluctuates accordingly, though not necessarily at once, or in the same degree. This is true of many of our great staple food products.

On the other hand, the cost of raw material is such a small factor in the total cost of producing and marketing many products that a change in raw material prices cannot be reflected in the wholesale or retail price. This is especially true of most drugs and toilet

articles. It is true of certain food products—notably pickles, condiments and fancy bottled goods. Flour and bread offer good illustrations of the two classes of commodities. Wheat is such an important factor in the manufacture of flour that changes in the price of wheat are registered fairly quickly in the price of flour. But the price of flour is such a small factor in the cost of a loaf of bread, that only a violent fluctuation in the price of the former results in any change in the price of the latter. During recent months, the price of flour has dropped with the price of wheat to record low levels, and, more recently, bread prices have been reduced.

A widened price differential

FROM this it will be seen that in the nature of things, branded articles appear to advantage in a period of rising prices, and that they appear at a disadvantage in a period of falling prices. Or, to state the matter differently, the price differential enjoyed by most branded goods as compared with the ordinary run of goods tends to disappear in a period of rising prices, and to widen out in a period of falling prices.

The manufacturers of branded goods in which raw material cost is insignificant can do nothing to help the situation when prices are falling but those manufacturers whose costs fall substantially during such a period should reduce the prices of their products as much as possible to keep substitutes from grabbing off a part of the market.

There are numerous evidences that distributors of private brands are making the most of the present situation. Although chain grocery stores have built up their volume and become successful largely through the handling of advertised merchandise, they have been able to push successfully certain of their own brands on which they have reduced prices. Voluntary chains are using the present situation to develop their private brands. Some wholesale grocers have shown renewed energy in pushing goods that carry their own labels because they say that they find it difficult to sell advertised brands at their present high price levels.

The opinion is offered here that the present excitement about private brands is due principally to the declining price level. If this is true, it follows that any setback now being suffered by manufacturers of advertised brands is more or less temporary, and that the trend toward such brands, which has been going

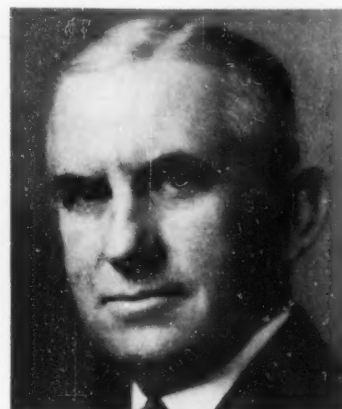
(Continued on page 106)

IN THE PASSING NEWS OF THE MONTH



FLIER

Col. Paul Henderson took up commercial aviation with T. A. T. Now he heads N. A. T., a rival air firm



BUILDER

Recently named to leadership of Telephone Pioneers of America is Burch Foraker, of Michigan Bell



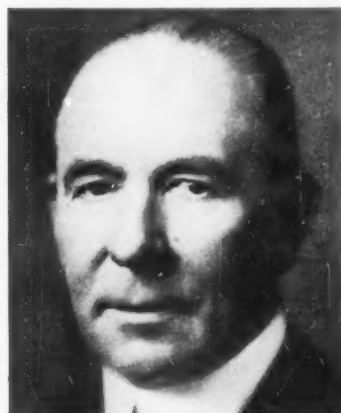
ELEVATED

G. E. Lackey of Oklahoma City is new president of the National Association of Life Underwriters.



BUSINESS SCHOOL

E. N. Hurley, Chicago industrialist, makes \$200,000 gift to Notre Dame University for Commerce School



GOLD MEDAL

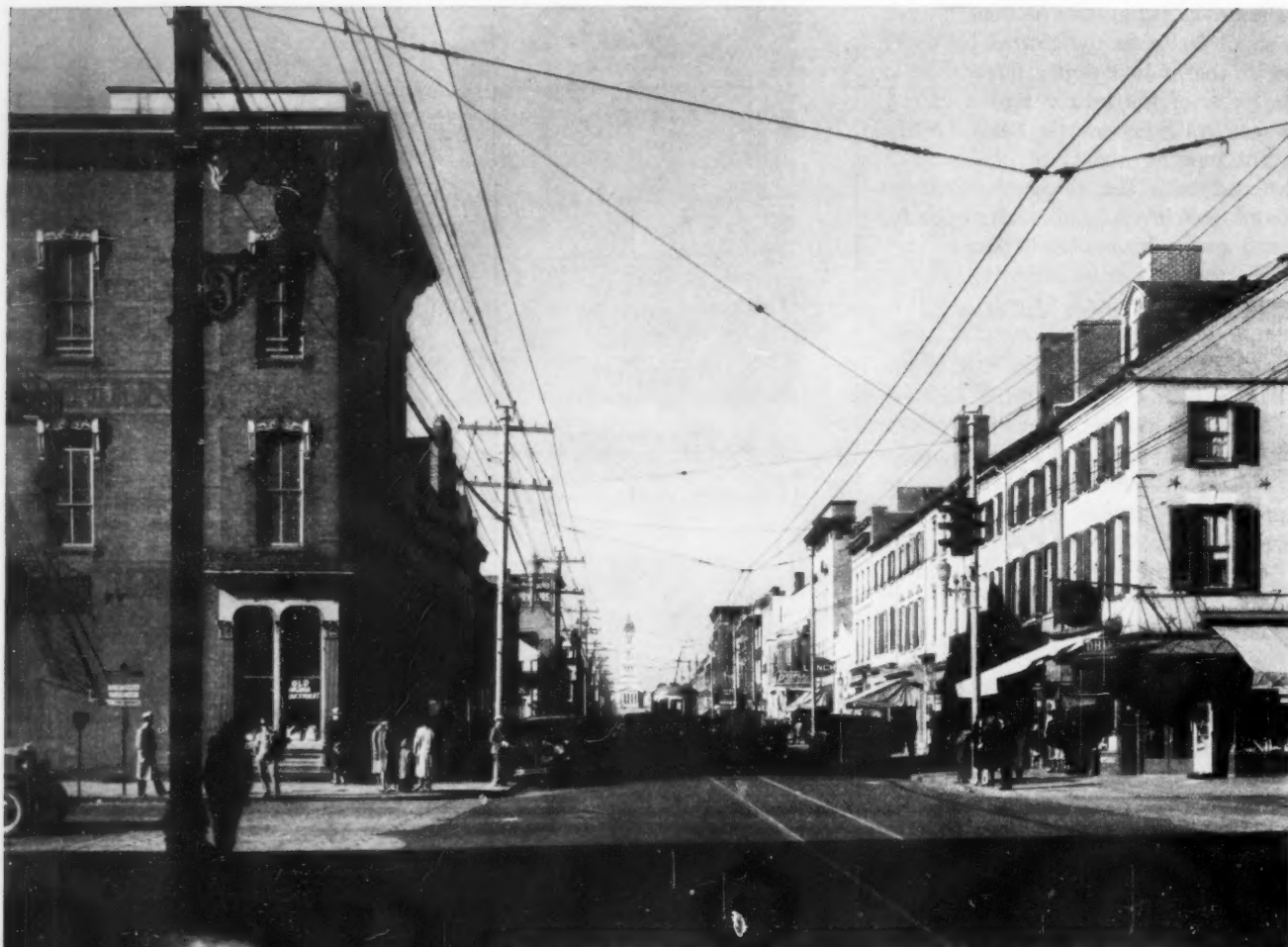
D. C. Jackling wins W. L. Saunders mining medal. He is credited with making Utah a copper state



CHEERFUL

F. H. Smith, head of Portland Cement Association, tells members they aid all trade in aiding selves

Why Alexandria Sold



One of the most historic and famous of American cities, Alexandria, Va., recently felt growing pains. Here is the main street



Mayor Carroll Pierce believes that the sale of the city gas plant solved many of Alexandria's money problems

WE SOLD OUR city gas plant. That does not mean that we have surrendered to "the interests." On the other hand, I suspect that our regulation of service will be more effective and our insistence on proper standards a bit more stubborn under the new arrangement. Indeed, I am sure that we are in a more favorable position to demand service than we were before. What's more we'll get it. The plant will be worth more to us in private hands than it was under municipal management.

Not that our municipal gas

plant was not efficient, conscientious and courteous. I am willing to stack it up against any similar department in all these things. But municipal management necessarily toils under handicaps. Gas equipment won't last forever. Mains become rusted, coated, leaky. The greater the number of consumers, the greater the strain upon capacity. New capital depends on special appropriations and there are many other purposes—schools, streets, libraries, fire and police protection, always appear to take precedent. Moreover, a municipality can never, I suppose, exploit gas appliances properly. The moment it undertakes to do so, it encounters opposition from merchants—and you can hardly blame a taxpayer for not relishing competition from the town hall.

The fact that no aggressive merchant-

the City Gas Plant

By Carroll Pierce

Mayor of Alexandria, Va.

dising is possible no doubt partly accounts for the unusual lack of sound development of a municipally operated gas plant.

In addition to all these things there were other circumstances in our case. Alexandria suddenly broke out in a series of growing pains, spread by ordinance to three times its former area, brought upon itself the mystifying problem of how to supply gas to the new residents with the facilities at its command.

The City Council seized this problem and prepared to dispose of it in a way to satisfy all concerned. As a first move, City Manager Wallace Lawrence estimated the cost of pushing the mains out where they were needed and making necessary improvements at the works.

Cheaper to sell the plant

IT was a robust figure, that total. It was meant to wrestle with an equally robust job. It went before the Council with Lawrence's recommendation that the outlay either be approved or bids for the plant be invited.

On the City Council are two bank officers, a railway freight agent, a retired manufacturer and a dealer in coal and supplies. These business men decided to call in all the evidence. With perhaps a touch of the same canny shrewdness exercised by some of Alexandria's white-wigged forefathers when engaged in a horse trade, they passed an ordinance agreeing to receive offers but reserving the right to reject them.

Among the several bids forthcoming was that of the Seaboard Investment Trust. Without dissent, the councilmen voted, "Aye." It was the logical thing to do. We could not make returns equal to the interest from proceeds of the sale, plus taxes, plus the saving to citizens

because of the lower rate.

We sold the works, mains and 30-year contract for \$750,000 cash. With the plant in private hands, the rate dropped from \$1.45 net per thousand cubic feet down to \$1.15.

The heating value jumped from 550 British Thermal Units to 600. The terms of the franchise give the city definite power to regulate the quality of gas and the construction of mains. It is provided that, should the company fall below the prescribed B. T. U., the price to consumers will automatically come down at the rate of one cent per thousand for every 10 B. T. U. reduction.

It was also provided that, within 60 days from the date of the swap—October 1, 1930—service was to be extended to the lately annexed territory. That's what I am inclined to call brandishing a gentlemanly big stick.

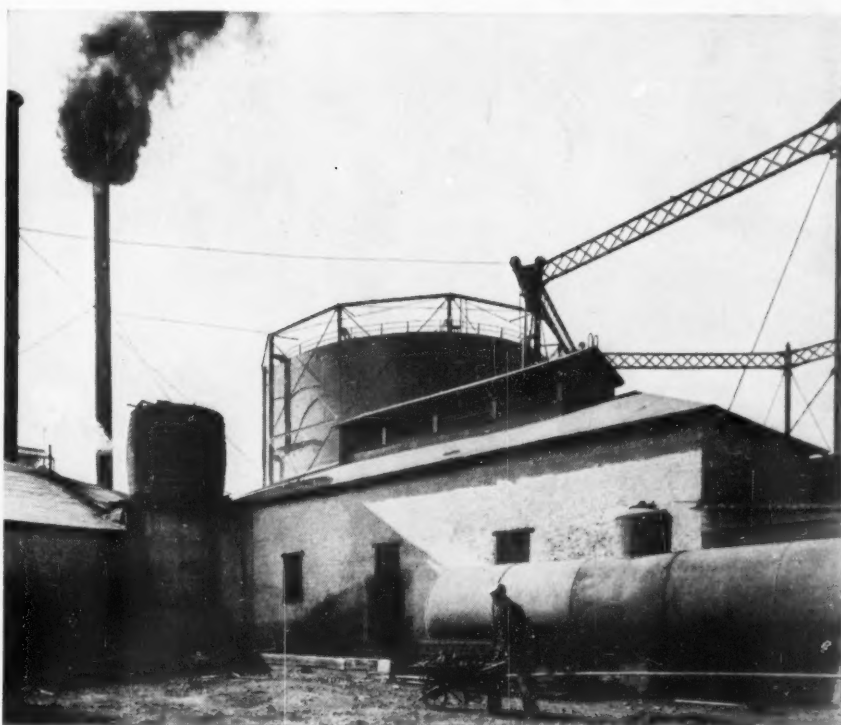


AS one of the oldest cities in this country, Alexandria, Va., has had wide experience in solving municipal problems. One of its latest problems involved the municipal gas plant. Alexandria understands utilities. It has had gas nearly 100 years. But it sold its municipal plant—gladly

Those were the terms of the sale. The "considerations" involved go much further, however, than this simple arithmetic which in itself was pretty convincing to us and more than justified the transfer.

In the first place, city financing was greatly simplified. The money received from the sale was placed in the custody of five leading business men as trustees, each serving without compensation and under bond.

Seven-eighths of the amount, \$656,250, was applied to the retirement of bonds. One-eighth, \$93,750, was set up as a



Alexandria depended on this plant for gas until private ownership brought connections with other cities

revolving fund to handle current city expenses at times when tax money isn't coming in.

Fund will save borrowing

IN Alexandria we collect taxes twice a year. The spring revenues include license fees and half of all real estate taxes except those of corporations. The fall collections include the balance due from real estate, all personal property levies and the taxes from the larger corporations. The spring revenues, between 35 and 40 per cent of the year's total, are the sole dependence of the city government for nine and one-half months. Heretofore, we have borrowed on a short-term basis to tide the city over from one tax period to another. Henceforth, the new revolving fund will just about cover the need.

Another reason our bargain pleases us is that it aligns Alexandria with the same aggressive people who are making merchandising and industrial history just six miles up the Potomac in Washington.

It was the president of the Washington Gas Light Company, George A. G. Wood, who put in the bid for Seaboard. Mr. Wood wasn't buying a gas plant

so much as he was buying a franchise and a future.

His experience in Washington led him to expect one meter to every five individuals. The Capital City, with half a million population, had 111,000 meters. Alexandria, on the other hand, showed but 2,700 gas meters to her 25,000 souls. That tossed up to Mr. Wood's appraising glance an immediate potentiality of 2,300 additional meters, or almost 100 per cent more.

But the Seaboard representative saw more than that. He saw deep water, a fine rail center already boasting four important lines. He saw a fine character of civic leadership. The fundamentals for industrial expansion were there. Alexandria should grow, he contended, into a city of a quarter of a million.

So, waiving the matter of plant value, hardly concerned as to whether Seaboard got its immediate money's worth or not, Mr. Wood set forth to prove that the purchase was not of one-sided advantage and that, as a purely commercial project, an Alexandria gas system could make good.

Without delay he sent crews to survey gas needs and determine the placing of mains. At once he opened a sales office with a local manager, and put a

group of salesmen in the field to educate householders to the advantages of gas.

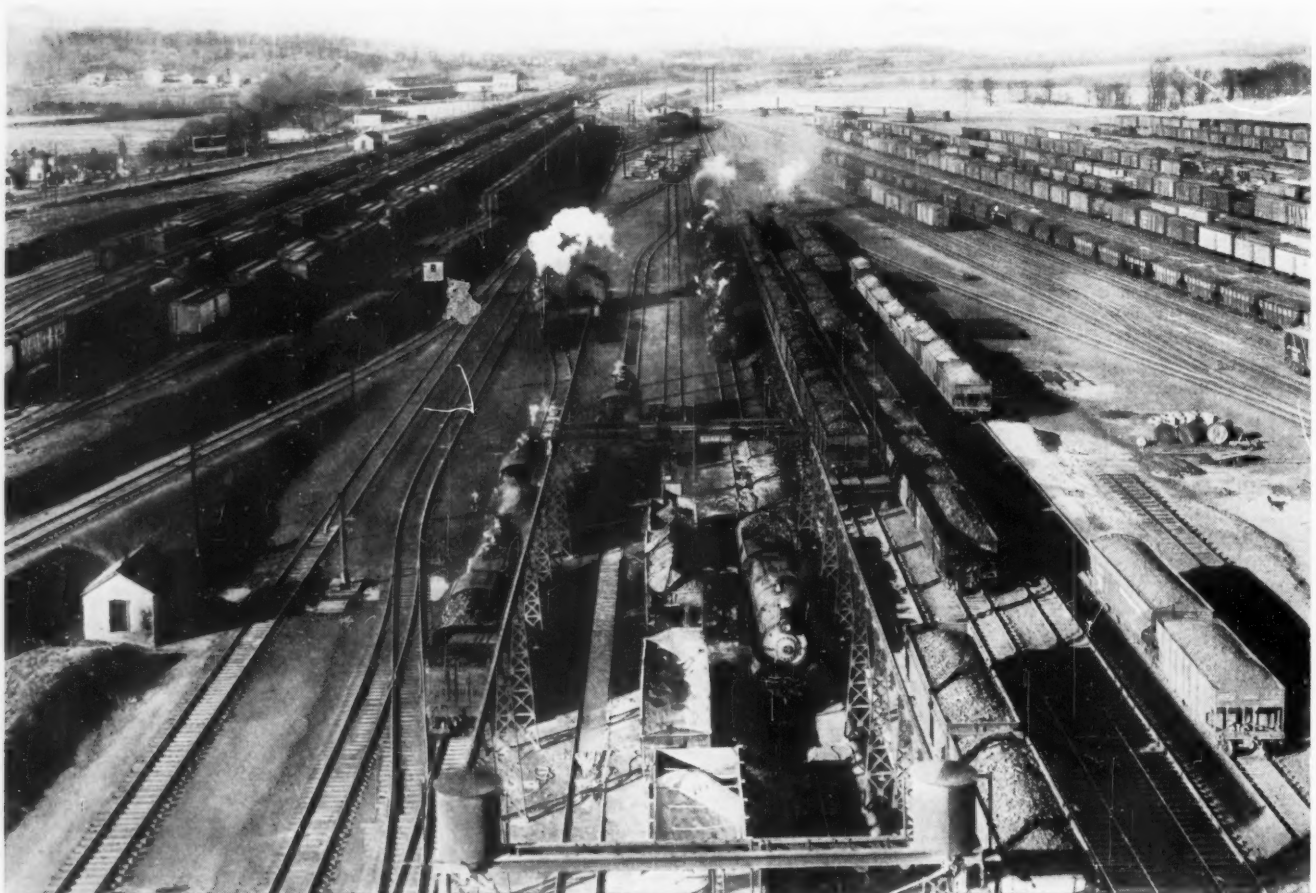
It is natural to suppose that our gas distribution system didn't quite keep up with the march of progress. Certainly it proved itself inadequate to take care of all the demands of the modern household. I shall be interested in seeing how home owners, as well as industries, respond to strong, steady pressure, an ample supply of gas, and higher heating efficiency.

Striking evidence that Alexandria's physical equipment was obsolete is seen in the necessity Seaboard found of sending gas from some other center, in this case Washington, while completing plans for renewing and replacing defective parts. It was cheaper to bring gas in than to make it on the spot.

Good gas—and cheap

TYING up to an interconnected system is just one more guarantee of industrial expansion. Alexandria now has at its disposal metropolitan standards of service—good gas at reasonable cost, plenty of it when and where it is needed, without interruption.

The prevailing idea—or at least the
(Continued on page 92)



Extensive railroad yards and deep water shipping make Alexandria a logical transportation center and the city is acting to keep its utilities abreast of demands



A Banker Looks at Small Accounts

By W. M. BALDWIN

President, Union Trust Company, Cleveland

DECORATIONS BY G. LOHR

SOME time ago a vice president of the Union Trust Company of Cleveland called on a small manufacturing concern which had had an account with us for several years. The call was in line with the bank's long-standing custom of visiting its commercial customers.

The manufacturer in this case had been making a metal specialty and doing very well on a small scale, somewhat local in its distribution area. More distant markets had been beckoning for some time but the partners in the enterprise had hesitated about seeking to develop them for several reasons. One of these reasons was a lack of funds, but a more important one was the fear that a single product would not support a national organization.

Our vice president concurred in this opinion, pointing out that it would be inadvisable to seek and difficult to get banking assistance in the circumstances.

"But I see no reason," he said, "why you should not round out your line with other items for which a demand may be found in your present territory and perhaps in the same markets. If you can locate such opportunities it should not be difficult to arrange the necessary financing."

Helping a business grow

THE partners agreed with this suggestion. They promised to work on it and the vice president made a report to the bank to that effect. A day or two later another executive who had read the report was asked by a manufacturer in an entirely different line to locate sources of supply for a metal specialty which he required for a new product.

"You can get that right here at home," he said. "The So and So Company is looking for new items and they ought to

★ **PERHAPS** you believe you could increase your business if you could borrow a few thousand dollars. And perhaps you have hesitated because you felt that the big banks are not interested in little fellows. Many feel that way. Mr. Baldwin says they should not. You will have a better idea of the banker's opinion of small business after reading this article

be able to make it. I'll find out about it and let you know."

The first manufacturer now has a profitable business in the new specialty and in several others, nearly all of them suggested by the bank or its customers. His trading areas has expanded naturally into a number of adjoining states. His line of credit has been repeatedly increased, but he has never found it necessary to ask for undue extensions, since his growth is being attained along logical and natural lines.

This incident is of interest—among scores of others that might be cited—in view of a widespread misconception concerning the relations of the large bank to the small account. This misconception which has been gaining circulation during the past few years, is that banks as they follow the course of industry and attain to large size either through merger or internal expansion, lose interest in the small concern and the individual in business.

This loss of interest, in the opinion of the critics, is making the small company's fight for survival increasingly difficult. An ever enlarging percentage of the nation's total available credit resources is being handled by large banks. Figures



If banks seek only big accounts credit for the little fellow is limited

compiled by the Comptroller of the Currency show that, on June 29 last year, 250 banks held aggregate resources of more than 33 billion dollars in a national aggregate of 72 billions. The rest was distributed in some 25,000 smaller banks.

Obviously, if the big bank is interested only in big business, this concentration of credit resources reduces the amount available for the small concern. That is the basis of the cry that the big fellow is going to gobble up the little fellow. Individual initiative, we are told, is being stamped out, and before long we shall be a nation of hired men.

In taking issue with this theory I should like to make it clear at the beginning that I do not think we have reached the limit in size or number of the powerful combinations that give rise to it. These groupings are being set up in response to an economic need in retail distribution, in manufacturing, in banking and, more recently, even in agriculture. While that need continues we shall have mergers of little businesses into big ones, and of big businesses into bigger ones.

A bigger opportunity for small business

I THINK it can be demonstrated, however, that this modern functioning of the law of supply and demand actually creates opportunities for the individual in business and for the small concern. The percentage of the country's total business which is handled by the small company may show a continuing decrease, it is true, but the total volume of such small companies should increase in accordance with the ability of their managers to see and grasp opportunities for which they are especially fitted.

Moreover—and this strikes at the root of the economic

fallacy responsible for the fear that the little fellow is to be stamped out—we are building up in the United States a credit system which is designed to offer more help than ever before to the little business and to the individual. The very act of merger or enlargement by which banks seek to keep in step with the expansion of commerce and industry has the effect, inside the bank, of making available for the so-called "little fellow" expert assistance and advice which would be beyond his reach if all business were conducted on a smaller scale.

We had an application not long ago, for example, from a merchant tailor who wanted to borrow \$500. The incident sticks in my mind, not because it was unusual, but because an executive of a great corporation who occasionally buys suits from the tailor met him in our credit department.

"I should think you had grown too large for that type of account," the executive remarked to one of our officials. "How can you make it pay?"

"Possibly it doesn't pay when considered alone," he was told, "but a bank cannot completely isolate any single transaction. There are probably a dozen good reasons why these small accounts should be encouraged. The one nearest to you in the present instance is that your corporation owns the building where this man has been a good tenant. He wants to take more space in his present location. If we hadn't helped him you might have lost a tenant and we might have lost an account that may be expected to show an increasing profit, even though small."

Maintains interest in small accounts

THE theory is that as a bank enlarges to meet the requirements of big business it loses interest in the small concern, either because those accounts are not sufficiently profitable or because all of its executive energy is devoted to the affairs of the larger ones. While that may be true in part of an investment bank, or of certain other types of institutions performing a highly specialized and limited function, the attempt to apply it to the all-round commercial bank merely shows a complete lack of knowledge of the purpose and function of such an institution.

The error begins when men liken a bank to a manufacturing or mercantile business. It is true that they are alike in some respects, but it is equally true that they differ diametrically in others. Both are organized for profit, but the bank's responsibility actually begins where that of the commercial enterprise ends. It is as though a manufacturer buying materials was required to render an account to his suppliers of the uses he had made of them, and then to return the materials, together with a payment for their use. This is no more ridiculous than to compare the product of banks with that of the businesses which they serve.

An industrial organization that expands that it may qualify to handle larger orders frequently finds it unprofitable, on the new scale of operations, to pay as much attention as it previously did to small accounts. It has no obligation—or at best only a temporary one—to the small accounts that may have been on its books. Whatever obligation it may have to any one community in which it may be operating is incidental. The banker, on the contrary, finds his obligation to the small account increasing with the expansion of his institution. He must even handle many accounts which are not immediately profitable. Part of that obligation arises from the duties he has assumed with respect to big business, and part of it comes from the large bank's position in its community.

A general and nation-wide illustration of this tendency is

found in the entrance by commercial banking institutions during the past few years into the field of personal loans to wage and salary earners.

With few exceptions, the leaders in this movement in every locality have been the larger banks. I would venture to say also that in nearly every instance the adoption of such a personal loan program has been the direct result or extension of a definite program for the improvement of servicing to small commercial and industrial accounts, just as the attention being paid to those accounts is an extension of the service to big business.

The need for better banking facilities

THE growth of branch, chain and group banking is another and even more specific evidence of this point. Persons unfamiliar with the credit system of the country often regard this development as an exclusively competitive effort—the consequence of a battle among banks for a larger share of the visible business.

Undoubtedly competition enters; but, in my opinion, that is effect rather than cause. The economic need for more and better banking facilities for the small account as well as for the larger one is the prime mover—the demand. Big business is making available the necessary facilities to meet this demand.

How this works out in practice may be learned by analyzing the accounts of any large commercial bank. The Union Trust Company has been a pioneer in the development of small accounts as a means of assuring future expansion. Probably we have more of them than most other banks of comparable size.

But our figures, nevertheless, indicate what I believe to be a national trend. They explain, also, why the banker today is finding it possible to pay more and more attention to the small account.

The accounts of small business are profitable as a whole, however, not only because they bulk large in the aggregate

and thereby assist in maintaining the bank's position, but because these small businesses are definitely related to and, in fact, provide part of the foundation of existing big business. In addition, they represent the source and beginnings of the big businesses of the future. The trade of the big corporation is more profitable and requires less supervision in detail but in the long run the only way to get and hold that trade is by growing up with the small company.

This fact has become so manifest in our experience that we have found it oftentimes more important in our business extension department to pay attention to the holding and development of existing accounts than to getting new ones.

We are, of course, continuously soliciting new business, but we find more and more of it lying dormant among our existing customers.

We have, therefore, established the policy of endeavoring to have an executive call on each of our borrowers and many potential borrowers about once a year where possible.

The accumulated experience of these contacts with business men outside the bank has convinced us that the opportunities for the small concern in this country are greater than ever before.

The place for small businesses

IN general, it may be said that these opportunities lie in two fields, which might be described as before and after standardization. When a product of any consequence is standardized and put into national use and distribution it is obvious that the small company cannot compete, save in isolated and exceptional instances, with the big corporation.

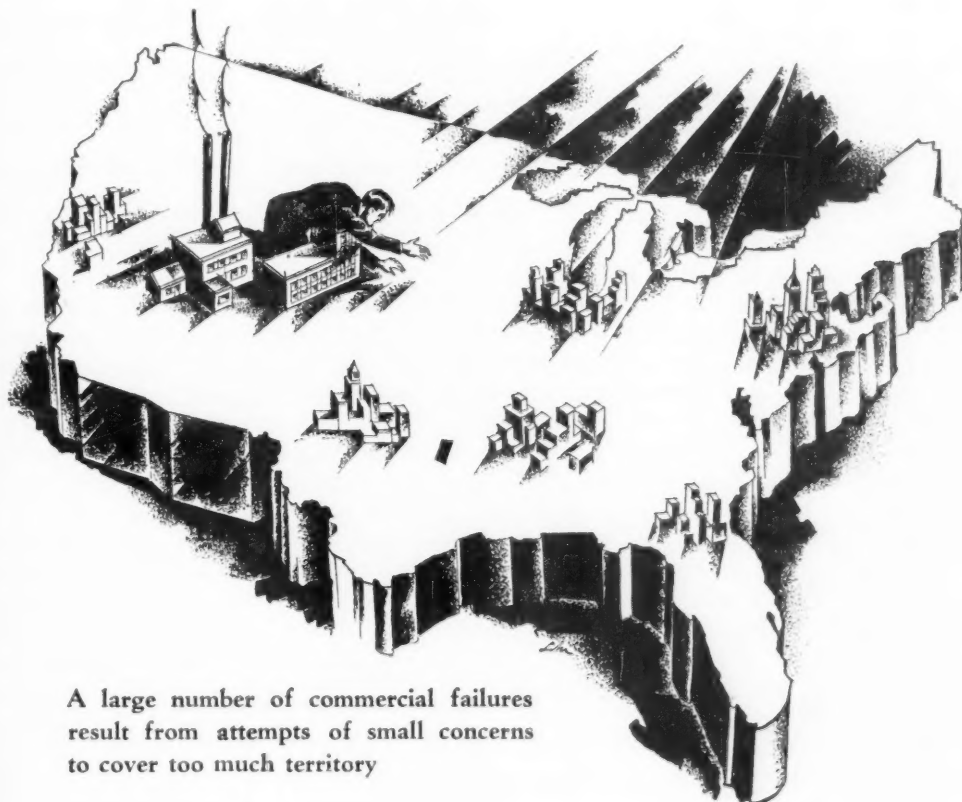
But, during the developmental stage, there is, in nearly every line, a period when the volume is too small to attract the big business, but large enough to mean substantial profits for the small one. Likewise, after a product has been standardized there is frequently found opportunity for variations and improvements, particularly for local distribution.

In practice this means that the little business stops trying to compete with the big one in a field where the firms are not equal, and locates or creates markets of its own. It is a matter of record that a large percentage of all commercial failures results from the attempt to cover too much territory. Our experience in the study of small concerns indicates that many bankruptcies listed as due to lack of capital are really attributable to this cause. The company may have ample capital for local operation, but it gets into trouble when it ventures into markets out of reach.

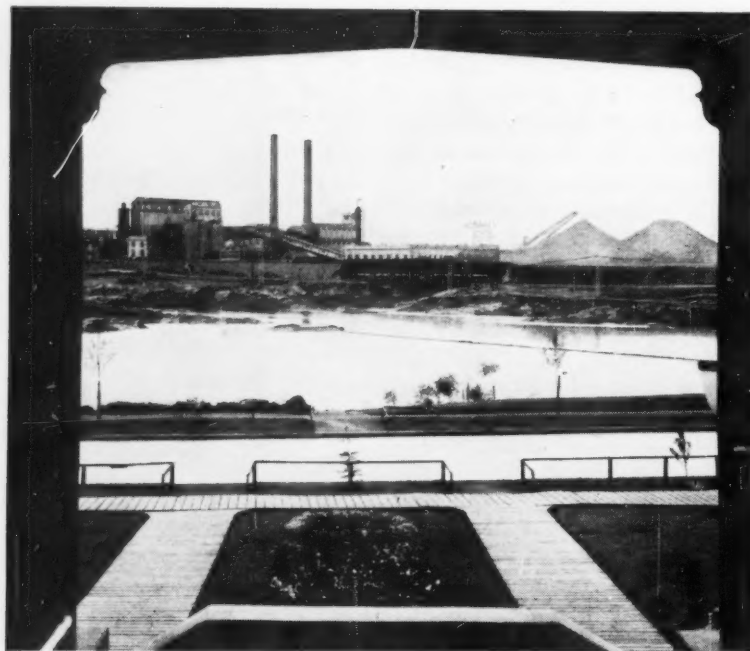
Helpful advice

OBVIOUSLY, a bank whose officers know something of competition and costs in such markets through contacts with big business is in a position to

(Continued on page 96)



A large number of commercial failures result from attempts of small concerns to cover too much territory



The Spruce Falls Power and Paper plant seen from the Inn

Keeping Workers in a Wilderness

By ART BROWN

UP in Ontario, 24 hours by train from the nearest industrial center, is a paper mill which employs more than a thousand men, many of them skilled workers. It is said to have more college graduates on its pay roll than any other organization the same size in all of Canada.

In spite of its isolated location, this mill—the Spruce Falls Power and Paper Company, Limited—is keeping its workers satisfied and happy.

The mill is at Kapuskasing (pronounced Cap-us-case-ing), 550 miles north of Toronto. Kapuskasing is virtually in the middle of a spruce forest which covers hundreds of square miles. In the days of the World War, Kapuskasing was an army prison camp. The site was ideal because it was so far from anywhere. If a prisoner escaped he could travel for several days and still be nowhere in particular, except probably lost.

Today Kapuskasing is a modern, growing town of more than 3,800, a

pleasant place. It has paved streets—four and a half miles of them—electric power, filtered water, a sewerage system, good roads, a city park, up-to-date movies, good stores, landscaped gardens.

Passing through Kapuskasing on my way to Vancouver, I was so impressed by what I saw from the train window of this oasis in the forest that I decided to stop there on my way back.

A noticeable civic pride

I WENT through the paper mill, talked with some of the men working there, walked up and down the streets and talked with people of the town. Everyone was enthusiastic about Kapuskasing. There was a noticeable civic pride about the place.

I saw a street sweeper in a clean white uniform hail a farmer, who was driving

★ **ISOLATED** from the world, the Spruce Falls Power and Paper Company has no convenient labor market where it can find the highly-trained men needed in its plant. But it doesn't need such a market. Its labor turnover is negligible. This article will show you why—and will make you envy the workers

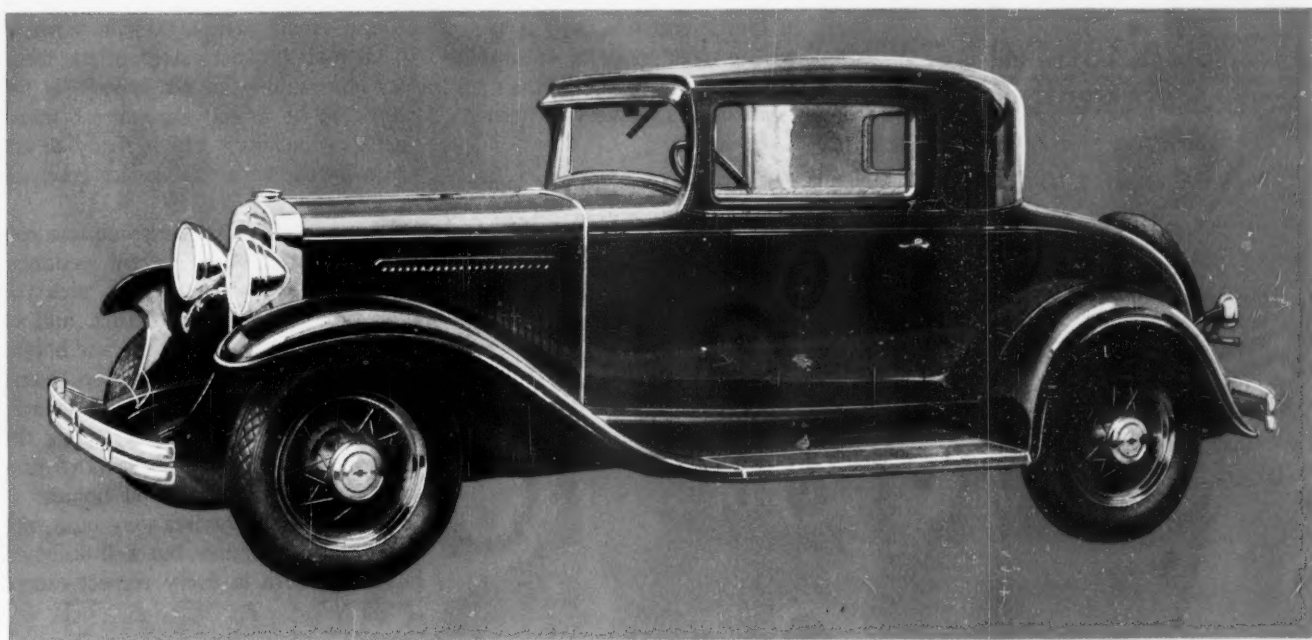
a wagon down the street. He stopped the farmer and told him there was some hay hanging on his wagon axle. The farmer got off the wagon, removed a few wisps of hay from his undercarriage, threw them into the wagon box and drove on without protest. All in the interest of keeping Kapuskasing clean.

"This is some town!" a traveling man told me. "And boy, it isn't what it used to be. Not so long ago it was only a handful of naked shacks. You should have been here three years ago, and you would have seen something. I stopped off here to sell the new mill some office equipment.

"The town was a mudhole then—the



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The New Chevrolet Six-Cylinder Standard Coupe, \$535, f. o. b. Flint, Mich.

.. bigger, smarter, lower in price and unusually economical to own

With the introduction of the new Chevrolet Six, a new and finer type of economical transportation is now made available to American business and industry.

Basically, this new Chevrolet is the same modern Six that so many large selling organizations have adopted as standard equipment during the past year. However, in all those things that make a car desirable for service in the field—comfort, dependability, economy, smart appearance and smooth six-cylinder perform-

ance—improvement has been made.

The Bigger and Better Chevrolet offers a longer wheelbase—new lines of impressive beauty and distinction—roomier, more comfortable Fisher bodies—many new factors of strength and durability in the chassis—and a smooth six-cylinder motor that uses a minimum of gasoline and oil.

Yet with all its *new* quality and efficiency—it sells at new low prices that establish it as *the Great American Value*.

NEW LOW PRICES

The Phaeton	'510	The Coach	'545	Sport Coupe	'575
The Roadster	'475	Standard Coupe	'535	with rumble seat	
Sport Roadster	'495	Standard		Standard Sedan	'635
with rumble seat		Five-Window Coupe	'545	Special Sedan	'650
		SPECIAL EQUIPMENT EXTRA			

Chevrolet Trucks from \$355 to \$695. All prices f. o. b. Flint, Michigan

NEW CHEVROLET SIX

THE GREAT AMERICAN VALUE

When visiting a CHEVROLET dealer please mention Nation's Business

worst mudhole you ever saw. People said that 'Kapuskasing'* was an Indian word that meant mud, bugs and bad meals. I believed it. I went to the 'best hotel in town'—and it wasn't any too good. After one look at my room I went out and bought myself a newspaper and a screw hook. The newspaper I spread on the floor to stand on while I undressed. I put the screw hook in the ceiling to hang my clothes on."

The traveling man had no fault to find with the best hotel in town today,

*The town of Kapuskasing takes its name from the Kapuskasing River, named many years ago by the Cree Indians. The name means "branch." The Kapuskasing River is a branch of the Mattagami River.

the Kapuskasing Inn. The Inn was built and is operated by the Company. It is a four-story stone and brick building of modern English design with more than a hundred rooms, all of them with outside exposure.

The Spruce Falls Power and Paper Company—a subsidiary of the Kimberly-Clark Corporation—located at Kapuskasing in 1921 as a small sulphite pulp mill. By 1928 the plant was greatly enlarged and began making newsprint. Today it is one of the largest newsprint mills in North America, and is recognized as the most modern. It supplies newsprint for the *New York Times*, and other newspapers. Every afternoon,

when the mill is running at capacity, a trainload of more than 500 tons of paper leaves the town.

The plant is ideally located for everything except a supply of trained workers. This handicap the Company has solved by minimizing its labor turnover.

4,000 square miles of timber

THERE is an abundant supply of raw material. The Company has timber rights on more than three million acres of land—more than 4,000 square miles! In view of the vast extent of the territory, the supply of pulpwood "is expected to be ample for a great many years." A cut-over area is ready to cut again by the time the loggers get back to it.

Moreover, the Company employs college-trained foresters to plant seedlings, to care for growing trees, to pick the timber best suited for cutting, and to protect the spruce against fire and blight.

Faced with its difficult labor problem, the first thing the firm did after enlarging its mill in 1928 and beginning the manufacture of newsprint was to provide its workers with good homes.

Three hundred houses were built, not stereotyped structures, but well-designed homes, modern in every respect except

A few of the college men who are happy in Kapuskasing



On the site of an old wartime prison camp, careful city planning designed this city with four-and-a-half miles of paved streets, electricity, sewers and filtered water



THE FINAL GUARANTEE OF CADILLAC-LA SALLE EXCELLENCE



Because of the unvarying dependability of Cadillac and La Salle cars, it has been possible to place back of them one of the most unique service programs ever offered to the motoring public.

In fact, through the terms of the Cadillac-La Salle Standard Service Contract, your Cadillac dealer will assume complete responsibility for servicing your car for an entire year, or for 12,000 miles of driving—whichever occurs first in point of time.

By the terms of this Contract, the dealer agrees

—for a moderate pre-determined sum—to maintain your car at maximum operating efficiency for the period specified. This agreement covers all lubrication, all oils and greases, periodic inspection, and all necessary adjustments and repairs—including both parts and labor.

And no matter where you purchased your Contract, its full provisions will be carried out by any authorized Cadillac-La Salle dealer—giving complete protection *wherever* you drive your car.

The Service Contract, of course, applies only to those who wish to handle their service on this basis. But every purchaser of a new Cadillac or La Salle enjoys the protection of the Cadillac Standard Service Policy—with its many liberal provisions and its exceptional touring benefits.

There could be no finer guarantee of Cadillac-La Salle excellence than this liberal policy—for it is obvious that only a car of the highest quality could be backed by such a definite, all-inclusive Service Contract.

Advantages of Cadillac's Standard Service Contract

- You know, in advance, what your service costs will be for the entire year.
- Because of the careful, periodic inspection given your car, the necessity for major repair operations is forestalled.
- You have the satisfaction of knowing that your car is always at the peak of its operating efficiency—and that you are safeguarding your investment to the fullest possible degree.
- You do not have to explain what you want done when you take your car in for service.
- You save money on your routine service needs—such as adjustments and lubrication.

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CADILLAC MOTOR CAR COMPANY, Division of General Motors

Detroit, Michigan

Oshawa, Canada

When writing to CADILLAC MOTOR CAR COMPANY please mention Nation's Business



CANADIAN NATIONAL RAILWAYS

Some men recall when the town looked like this. The memory isn't pleasant



The Kapuskasing Inn provides board and room for company employees at \$50 a month. Rates to transients are higher

for gas. Each home has electric stoves for heating and cooking. Electric power is inexpensive. The homes are not crowded together, as workers' homes are in some communities.

Rents are reasonable—averaging \$25 a month. Kapuskasing is a home-loving community. Its lawns are well kept, and the people grow flowers of all sorts in the summer. Kapuskasing boasts of the finest city park in northern Ontario.

For the unmarried men, the Company erected a modern dormitory. It is called the Staff House, and is equipped more like a city hotel than a workers' shelter. The Staff House provides rooms and meals at reasonable rates.

Many of the unmarried department heads and executives live at the Kapuskasing Inn. Board and room there costs a Company employee \$50 a month. Transient guests pay more.

At about the same time the Spruce Falls Power and Paper Company put up the Inn, it erected a building for a community club and also a hospital. All three structures are in the same style of architecture. Together they cost about a million dollars.

The hospital is called the Sensenbrenner Hospital in honor of F. J. Sensenbrenner, president of the Company, and donor of all the hospital's equipment. It is one of the best laid-out and finest equipped hospitals on the continent—and one of the most isolated.

The Company maintains the Community Club building and hires a paid secretary. But the Kapuskasing Community Club is the workers' own organization. They pay annual dues and arrange their own activities. Both men and women may join. There is a special rate for a man and his wife, if the man is an employee. The Club has a com-

plete gymnasium, auditorium, ballroom, library, billiard room, classrooms for the night school, kitchen and dining rooms, a writing room and a lounge, everything a community club should have.

The Spruce Falls Power and Paper Company spares no expense in maintaining the hospital. It is interested in the health of its workers, for that is an important factor in labor turnover. This hospital operates at a loss, but is regarded as a sound investment.

Accidents in the mill are few, and the Company strives to keep them at a minimum. The workers are divided into 23 groups. When a group works safely for one calendar year, each man in that group receives a new five-dollar bill. If any man in the group has an accident—and it is not serious enough to cause a lay-off of more than a day—the group is set back a calendar month. A serious accident makes it necessary, of course, for the group to start over again.

Insurance against accidents

ACCIDENTS in the mill are covered by Workmen's Compensation Insurance. The employees have their own Mutual Benefit Society, with membership dues of \$1.25 a month. This Society provides \$2 a day in case of sickness or an off-duty accident which causes a loss of time from work.

Most of the employees are young, and they are encouraged to take an active

(Continued on page 88)

The
Sign on the Door
that meant
NOTHING

A corps of secretaries guard him from interruption. His office is high above the rumble and roar of the streets. And his office door is formidably lettered...PRIVATE.

PPRIVATE!...Seven sentinels to guard him from intrusion that might destroy his planning and his thought! But one intruder scorns the sign. Strides clatteringly into the sanctum. Clamoring. Banging. Fraying nerves. Changing concentration to irritation. Striking straight at the business in one of its most vital points...its *thinking* head.

Noise! The clatter of noisy old-fashioned typewriters. The anvil chorus of business. The endless deadly din of metal keys banging upon hard-rubber rollers...and executive eardrums.

Which explains why executives have installed the REMINGTON NOISELESS in their own private offices...and in the outer offices where junior executives work. For a roomful can all be running at once...net result...quiet.

Noise is outlawed...and the REMINGTON NOISELESS is the sheriff.

What makes it noiseless? A gentle pressure stroke instead of a slamming hammer-blow. And *preci-*

sion of manufacture...finer tolerances...finer materials...The same precision that makes it noiseless...also makes it a better writing machine. Every letter in alignment. Clear. Sharp. Better carbons. Cleaner-cut stencils. 'Phone for a Remington man to give you an "eye-and-ear" demonstration. Remington Rand Business Service, Inc., Buffalo, New York. Sales offices in all leading cities.



Remington

Noiseless

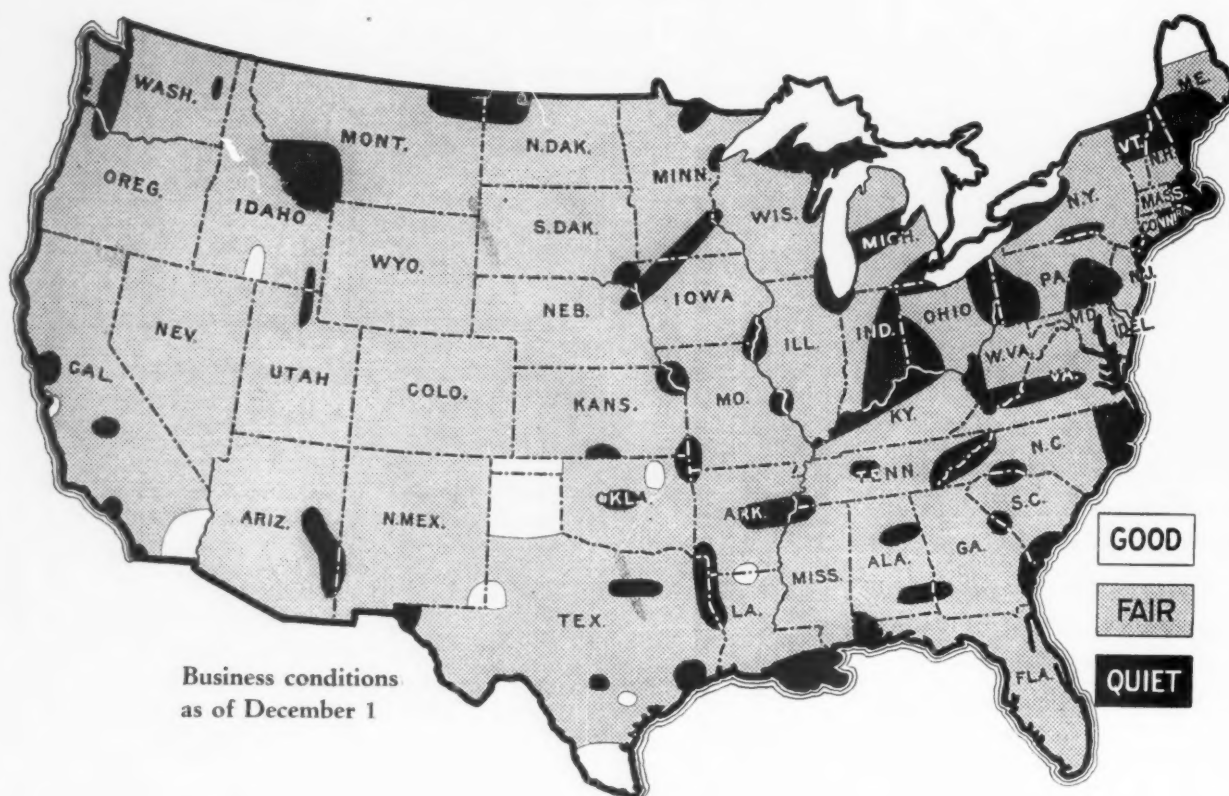
IT TAKES THE *Bedlam* OUT OF BUSINESS

When phoning or writing a REMINGTON RAND office please mention Nation's Business

The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's



NOVEMBER was a disappointing period, but it showed a wonderful variety of happenings. The month began with some kaleidoscopic political results and its progress was marked by some events which in themselves set up new precedents and records.

The weather, of course, was irregular but that is normal in this country. The month saw some remarkable commodity-price movements, ending in a new low level for 15 years past for index numbers; a sharp rally in copper (largely instrumental in helping to bring about a gain in stock-market averages from less than last year's panic levels); a decline, instead of an expected rise, in the bond market; a world-wide break in wheat prices which necessitated or induced government buying *via* the Farm Board; a decline in industrial operations which induced the setting up of new estimates of unemployment, just as national and

TRADE and industry found little to cheer about during November, what with an unusually short business month, unfavorable weather, and, in several sections, bank suspensions. A distinct slowing up of the rates of decline as compared with previous months was noticeable in several lines, however

state efforts at alleviation of existing troubles appeared to be making progress; and finally a flurry of bank suspensions which led to higher records of failure and of failure damage.

It is not surprising, therefore, to learn that, allowing even for its being a short month with a full week of nonbusiness days therein (five Sundays and two whole or partial holidays), the results in trade and industry were unsatisfactory. This tended not only to obscure the immediate future but to prevent some expected gains over November, 1929.

Business and industry are widening their knowledge of the obstacles to be surmounted before recuperation from, and repair of, the present depression is possible. The sad fate of past numerous predictions of improvement is now so evident that little time will probably be lost in future forecasting. More hard and yet enduring work in the direction of improvement will be possible and less time will

be spent waiting for miracles on the part of the country and, for that matter, the world in retracing the ground lost and undoing mistakes of the past few years. In a clearer understanding of the mistakes of the past, in fact, lies the surest, if not perhaps the quickest, way out.

One of the anomalies of present world-wide efforts to regulate prices of commodities, especially raw materials, is that, after a full year or more of such attempted regulation, the general level of prices as indicated by index numbers is the lowest in at least 15 years. For the

OVERWEIGHT
lost profits ...

UNDERWEIGHT
lost prestige ...

**... both must be
guarded against!**

TODAY more than ever, the highest degree of packaging efficiency is necessary to protect the narrow profit margins of mass production. Packaging must be done speedily, and most of all with hair splitting accuracy—to prevent overweight that wipes out or reduces your slim margin of profit—or underweight that jeopardizes your priceless good will.

Every manufacturer of package goods has the same problem and the great majority of them are solving it through the use of Pneumatic Scale Packaging Machinery. Like The R. T. French Company, makers of the famous French's Mustard and Spices, America's leading producers, almost without exception, use Pneumatic Machines because they offer the "perfectly balanced combination of two great features—speed with accuracy."

Send for the book "An Interview". It will convince you (in five minutes' reading time) of Pneumatic's ability to help you.

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Carton Feeders—Bottom Sealers—Lining Machines
Weighing Machines (Net and Gross)—Top Sealers
Wrapping Machines (Tight and Wax)—Capping
Machines—Labeling Machines—Vacuum Filling Ma-
chines (for liquids or semi-liquids)—Automatic Cap-
ping Machines—Automatic Cap Feeding Machines—
Tea Ball Machines.



F. J. FRENCH

PRESIDENT, THE R. T. FRENCH COMPANY

"A manufacturer cannot afford to short weight either his customers or himself. Overweight means lost profits, underweight, lost prestige. Therefore he must have absolute dependability in his packaging operations—a perfectly balanced combination of speed, with accuracy. Pneumatic Machines give us that combination."



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PNEUMATIC SCALE CORP., LTD., NORFOLK DOWNS, MASS.
Branch Offices in New York, 26 Cortlandt St.; Chicago, 360 North Michigan Ave.;
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9 Whitehall, London, England

fourteenth month in succession the general level of wholesale prices in this country has fallen. And still there is a good deal of agreement that final costs, that is in retail prices, have not come down as have wholesale quotations.

Most progress in this direction seems to have been made in food products. In these lines a leading retail purveyor's reports point to large increases in tonnage of foods sold as compared with small or no gains in value. November sales at retail as a whole, however, fail to reveal decreases equal in percentage to those recorded in wholesale lines.

It may perhaps be asked whether "sell more" rather than "buy more" would not be a better slogan, if the readjustment conceded to be necessary is to be achieved. This seems a fair question if prices are to be made at which goods will force their way into consumption. If this is conceded, there would seem to be an especially wide field for improvement in the building trades, where capital seems abundant and materials are cheaper but where labor costs have fallen but slightly from the levels of the boom years.

There seems to be no question that the farmer is facing his share of sacrifice in the prices ruling for wheat. The Department of Agriculture on December 2 reported that, excluding Russia and China, a world wheat crop for 1930 of 3,720,000,000 bushels was indicated as against 3,491,000,000 bushels in 1929 and 3,973,000,000 bushels in the bumper-crop year of 1928. These estimates are based on reports from 35 countries which generally produce 85 to 90 per cent of the crop.

Wheat prices down

IN LATE November Canadian wheat at Winnipeg sold at 60 cents as against \$1.39 in January. In this country cash wheat at Kansas City on December 1 sold at 68½ cents, at Minneapolis at 75¾ cents and at Chicago at 76 cents as against \$1.27, \$1.36 and \$1.31 exactly a year before. On December 3, December wheat was reported selling at five to six cents above Liverpool prices and the President's message pointed out that prices in Minneapolis were 30 per cent higher than in Winnipeg while in Chicago they

were 20 per cent higher than in Buenos Aires.

During November more than 150 banks were reported as suspending, with liabilities of perhaps \$200,000,000. The National City Bank circular of December 1 placed the probable number of suspensions for 1930 at 1,000, a greater number and with larger deposits than in any other year. It was pointed out, however, that in relation to the total number of deposits of banks in operation it was much smaller than in 1893-94 or 1907-08.

Three outstanding causes were adduced in this circular—the drastic decline in securities prices, in prices of commodities and of real estate. In 1921 the number of banks in this country reached a peak of 30,812. In the nine years following, the total was reduced to 23,852. The circular suggests that the latter number is still too large and that many communities are still overbanked.

To get down to the practicalities of November trade, it might be noted first that it was a short month. Further, wholesale and retail trade sagged off

somewhat and industry quieted down from the month before. This was surely true of most of the heavy industries—steel, iron, copper, lumber, automobiles and many related lines. The sag was perhaps most notable in a large portion of the middle South and West, which suffered from drouth and low-priced cotton or grain earlier in the year, and later from the closing of many banks which had all the above conditions to cope with as well as deflation of security prices or, in some areas, of real estate prices.

Farmer not only sufferer

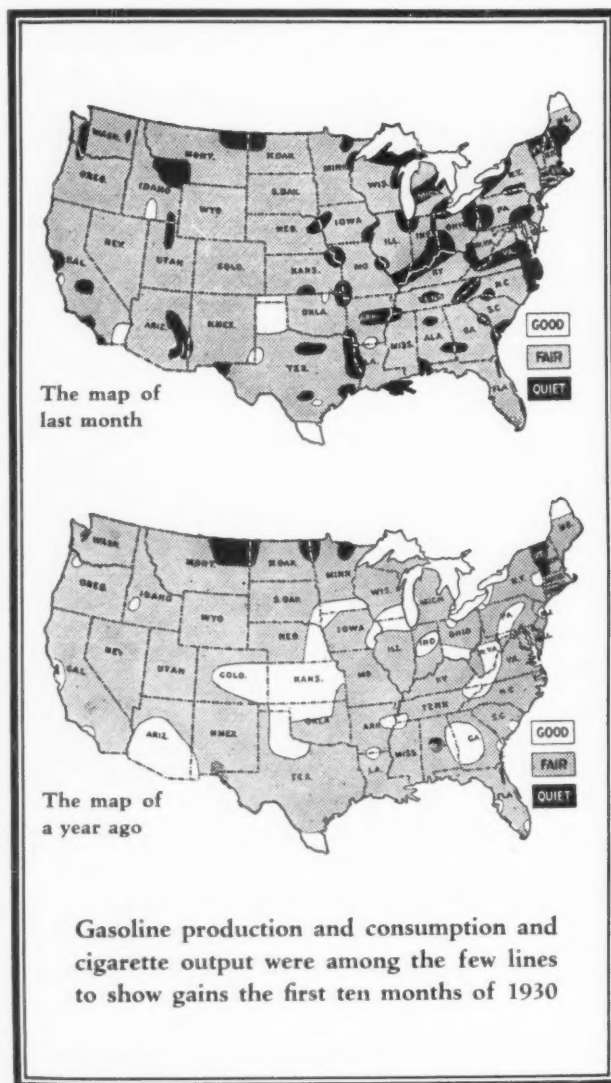
AS TO the notably low prices for cotton or grain, it might be noted that the Farm Board's report to Congress indicated that stabilization measures of the type it employed, are necessarily temporary and while cooperative marketing methods may ameliorate or improve things, the obvious economic remedy lies in curtailment of production.

In other words agriculture, to reach a par with industry, must adjust production to consumption and perfect a self-controlled economic system of distribution. The prediction was also hazarded that the years just ahead promise a lower trend in wheat prices.

Some measures of movement for November available as this is written might be cited to show that the farmer isn't the only sufferer from the present depression. Stock-market sales on the New York Exchange have declined 28.3 per cent from those of November a year ago and bond sales 35.5 per cent. Declines of 44 per cent have been registered in bank clearings and 45.7 per cent in bank debits.

For the 11 months of 1930 the showing was not so extreme, bond sales being off only 8.3 per cent from 1929, stock sales 27.8 per cent, bank clearings 24.5 per cent and bank debits 28.5 per cent.

Failures in November increased over those of a year ago by 30.8 per cent and liabilities increased more than threefold. For the 11 months, failures were 21.4 per cent and liabilities 88 per cent above those of 1929. November and the year, in fact, set up new high records for those periods. Those increases and the further fact that November



RELIEF . . *for modern* Sinbads!



Remember the story of Sinbad the Sailor, and the old man of the sea who jumped on his shoulders—a thankless burden who could not be shaken off?

Sinbad's predicament was no worse than that which many a modern executive finds himself in today. Saddled with a slow, costly and wasteful hand operation that is a constant burden and handicap to his business—without hope of relief because no machine has ever been built to do the work!

It has been Special Production Machines inspiring privilege to lift this burden off the shoulders of the executives of a number of different plants in many industries, in the last four years. We have designed and built the machines they needed but had never before been able to buy. We have removed the handicap of slow, costly hand operations from their business—helped them to make better products, better profits—even to outstrip competition.

Our work includes not only the designing and building of new machinery, but the modernizing of your old machinery to greater speed, greater accuracy, greater usefulness. Write Special Production Machines, Norfolk Downs, Mass., for complete information about our work and methods of operation.

Special **PRODUCTION MACHINES**

A Division of PNEUMATIC SCALE CORPORATION, LIMITED

For over thirty-five years Pneumatic Scale Corporation, Limited, has manufactured automatic Labor-Saving machinery for many of the world's largest producers of merchandise

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liabilities, swelled by bank suspensions, exceeded those in October, 1907, should, however, be considered in conjunction with the facts that the number of all those in business has increased 53 per cent, the number of banks has increased 28 per cent and that the country's bank resources are three times what they were 23 years ago.

In industry it might be noted that automobile output in November was 35.8 per cent below that of a year ago and, for the 11 months, 38.8 per cent lower. Pig-iron output was off respectively 41 and 24.6 per cent, with the smallest daily output since September,

1924. Steel-ingot production was off 36 and 26 per cent respectively from the like periods of 1929.

Low price of silk boosts sale

AMONG the lighter lines the takings of silk by mills made a better showing than in previous months, gaining 13 per cent over November, 1929 while only nine per cent lower for the 11 months. This latter decrease has been whittled down steadily month by month. Bearing upon this, it might be observed that the price of silk is a little more than half of what it was a year ago, which demon-

strates that prices have been heavily reduced to meet the market and the product has sold freely in consequence.

Building, one of the heavy trades, lifted its head in New York in November. The total value of permits in Manhattan was \$21,662,280 as against only \$4,528,650 in October and \$23,047,365 in November, 1929. Of the total building planned, \$9,250,000 or 43 per cent was reported for 12 apartment structures. For November, the value of permits issued in 194 cities declined 32 per cent as against a decline for the 11 months of 44 per cent.

The interest in distributive trade lost nothing as the year's end approached. For November the total sales of 43 chain systems dropped 10.6 per cent behind those of November a year ago, whereas the decrease for the 11 months was only 1 per cent. A year ago November sales gained 21 per cent over those of the same month of 1928, while for 11 months the gain over 1928 was 24 per cent. Department-store sales for November fell 12 per cent below those of the like month of 1929, which gained seven-tenths of one per cent over 1928. For 11 months of 1930 the decrease in sales was 7 per cent from 1929, which gained one per cent over 1928.

Life insurance sales decline

IN SEVERAL other leading lines only ten months' returns are available, but nevertheless they give a fair idea as to how things have moved. In foreign trade, exports of merchandise fell off 24.9 per cent and imports 29.8 per cent from 1929. Fire losses increased nine per cent, while new sales of life insurance declined 1.2 per cent from last year.

Bituminous coal production dropped 13 per cent, anthracite output 3.5 per cent and coke production 16.9 per cent. Refined copper production declined 18.8 per cent and shipments 30.5 per cent, while zinc production fell 17.8 per cent. Cement production fell only 2.4 per cent and shipments only 5.2 per cent, due to the large public-works program.

Rubber consumption fell 21.5 per cent, tire production 27.5 per cent, shoe production 14.0 per cent and wool consumption 26.3 per cent. Confectionery sales fell 9.7 per cent while cigarette output gained 1.2 per cent from 1929.

Petroleum production dropped 10.2 per cent and consumption 3.1 per cent, while gasoline production gained 2.6 per cent and gasoline consumption 5.7 per cent. Electricity production declined about one per cent, public-utility gross earnings gained 3.3 per cent and net earnings 2.7 per cent.

Business Indicators

Latest month of 1930 and the Same Month of 1929 and 1928
Compared with the Same Month of 1927

	Latest Month Available	Same Month 1927=100%		
		1930	1929	1928
<i>Production and Mill Consumption</i>				
Pig Iron.....	November	71	120	125
Steel Ingots.....	November	74	112	136
Copper—Mine (U. S.).....	October	81	120	125
Zinc—Primary.....	November	65	97	102
Coal—Bituminous.....	November*	100	113	116
Petroleum.....	November*	92	106	102
Electrical Energy.....	October	116	123	112
Cotton Consumption.....	October	73	103	101
Automobiles.....	November*	92	165	191
Rubber Tires.....	September	74	103	151
Cement—Portland.....	October	84	97	102
<i>Construction</i>				
Contracts Awarded—36 States—Dollar Values	November	58	85	102
Contracts Awarded—36 States—Square Feet	November	50	74	106
<i>Labor</i>				
Factory Employment (U. S.) F. R. B.....	October	85	104	101
Factory Pay Roll (U. S.)—F. R. B.....	October	79	108	105
Wages—Per Capita (N. Y.).....	October	96	103	102
<i>Transportation</i>				
Freight Car Loadings.....	November*	86	102	107
Gross Operating Revenues.....	October	83	105	107
Net Operating Income.....	October	84	114	124
<i>Trade—Domestic</i>				
Bank Debits—New York City.....	November*	67	161	137
Bank Debits—Outside..... (X)	November*	86	114	105
Business Failures—Number.....	November	109	96	99
Business Failures—Liabilities.....	November	153	144	112
Department Store Sales—F. R. B.....	October	96	104	101
Five and Ten Cent Store Sales—4 Chains.....	November	103	113	106
Mail Order House Sales—2 Houses.....	November	112	144	118
<i>Trade—Foreign</i>				
Exports.....	October	66	108	113
Imports.....	October	70	110	100
<i>Finance</i>				
Stock Prices—30 Industrials.....	November	94	120	142
Stock Prices—20 Railroads.....	November	78	103	106
Number of Shares Traded.....	November	108	205	238
Bond Prices—40 Bonds.....	November	97	94	98
Value of Bonds Sold.....	November	67	103	79
New Corporate Capital Issues—Domestic.....	November	24	43	122
Interest Rates—Commercial Paper, 4-6 Months.....	November	75	139	137
<i>Wholesale Prices</i>				
U. S. Bureau of Labor Statistics.....	October	85	99	101
Bradstreet's.....	November	73	90	97
Fisher's.....	November	85	96	101
<i>Retail Purchasing Power, July 1914=100%</i>				
Purchasing Power of the Retail Dollar.....	Oct. 1930	66	61	61
Purchasing Power of the Clothing Dollar.....	Oct. 1929	66	60	58
Purchasing Power of the Food Dollar.....	Oct. 1928	69	62	64
Purchasing Power of the Rent Dollar.....	Oct. 1927	66	63	62

X Excludes Boston, Cleveland, Chicago, Los Angeles, Philadelphia, Detroit, San Francisco, and New York.

* Preliminary

Prepared for Nation's Business by General Statistical Division, Western Electric Co.

WHAT I'VE BEEN READING

By WILLIAM FEATHER

President, the William Feather Company, Cleveland, Printers and Publishers

CLARENCE W. BARRON was long a conspicuous figure in Wall Street because he was publisher of the Wall Street Journal and because he weighed 330 pounds. Despite his enormous bulk, he was an active man and an incurable journalist. What he was not at liberty to write for his financial journals, he dictated for his diary. "They Told Barron" is presumably composed of verbatim excerpts from these personal notes.

Barron knew everyone. He loved to talk. Often he sat up until two and three o'clock, and sometimes until five o'clock, discussing everything under the sun. Later he would record the kernel of these conversations.

Almost every notable business man and financier of the period 1918-28 appears in this document. The comment of some is reported second-hand, most are reported first-hand.

Reading "They Told Barron" is like eavesdropping. You can follow the rise and fall of fortunes. Charles M. Schwab, for example, may be a boresome bull publicly, but we learn that privately he was sometimes tragically despondent. In 1921 he is reported to have said to a friend:

"I will sell you control of Bethlehem Steel for your notes. Industry in the United States is worth nothing. Don't buy a thing. Never saw times so bad. Two years ago I was worth \$150,000,000. Now I don't know if I am worth anything. I borrowed a year ago \$6,000,000 on \$15,000,000 worth of securities. Now the securities are not worth the loan."

John W. Gates (Bet-you-a-million Gates) said:

"I have the best information in speculation. The boys don't get my money in poker or bridge. I do pretty well and think I know the game, but I will tell

¹*They Told Barron*, notes of the late Clarence W. Barron, edited and arranged by Arthur Pound and Samuel Taylor Moore. Harper & Brothers, New York. \$5.



Barron for all his bulk was active and an incurable journalist

you the truth. I have to go back to commercial enterprises to square my speculative accounts."

Schwab told Barron:

"My experience teaches me that men fail by going outside their lines or by lack of attention to detail."

One evening Schwab played bridge with Barron, Pillsbury of Minneapolis, and F. H. Prince at five cents a point. Schwab took \$30 from Barron and Prince \$62 from Pillsbury. Barron redeemed himself when he doubled Schwab and made 300 above the line. Barron said:

"Schwab, you play a very direct, simple, straightforward game."

Schwab said:

"You are dead right. I don't believe in any funny business. Even Count Bernstorff told me he doubted the wisdom of a finesse."

In a biographical sketch we are told that Barron left an estate which liquidated at barely more than \$1,000,000, although in the later years of his life he lived at a pace that required an expenditure of perhaps \$500,000 a year. He died of pneumonia in 1928 at the age of 73.

In many ways "Progress and Plenty" is the best of the several books written by Foster and Catchings. This volume is a collection of brief articles that appeared in newspapers in 1929 and 1930. The items are readable and understandable, and provoke thought and discussion. Since everyone these days asks "How's business?" the reader of this book can bring new ideas into the discussion.

The thesis is that excessive thrift is sinful and suicidal, and that it leads to depression and despair. Business thrives on purchasing power. Ways must be devised to restore purchasing power when it is prostrated by riotous saving.

For example, in times of universal prosperity no good purpose would be served by a man who spent \$100,000 on his daughter's wedding. But in hard times such extravagance would be useful. Likewise, if a multimillionaire must have a yacht, he should let the contract in a depression and not at a time when the ship-builders are crowded with orders.

The Government ought to do its heavy building of roads and dams and post-office buildings in hard times, and not in good times when it will be in competition with the builders of houses, office buildings, and factories.

The authors touch many other phases of economics, including foreign trade. The article on page 91 is one of the best in the book. It tells of Sam Witham, proprietor of a general store, who told his customers, when they offered goods in lieu of cash, that he would prefer to lend them the money to pay their bills.

"Buy all you want," said Sam. "Let me know when you need money."

Such business procedure, in the opinion of Foster and Catchings, would be no more absurd than the way in which the United States is conducting its foreign trade.

"It is a fact," they say, "that our for-

²*Progress and Plenty*, by William Trufant Foster and Waddill Catchings. Houghton Mifflin Company, Boston. \$2.

**"Increasing Your Sales"
through the use of A. W. A.
Merchandise Warehouses**

3,000

**Executives
have asked
for this Book**



Get Yours Free!

WRITTEN for manufacturers and shippers generally, this booklet will be of great interest to your sales manager and to all of your executives who have a hand in your firm's distribution policies.

It describes how the strategic placement of spot stocks in A. W. A. warehouses has enabled hundreds of manufacturers to cut their distribution costs... secure more and better jobbers and dealers... save freight and the expensive operation of branch houses... increase sales and net profit.

It suggests how you may apply this proved distribution method to your own business... enables you to request a marketing survey which will show you just what A. W. A. warehouses can do to make your business more profitable.

A. W. A. Warehouses are located in 189 cities of the United States, Canada, Cuba and Hawaii. They furnish all necessary facilities and services required for the spot-stock distribution of raw materials, manufactured articles and service parts of every kind.

*Send today for our free booklet,
Merchandise Division, American
Warehousemen's Association, 1814
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**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**

When writing please mention Nation's Business

foreign debtors cannot fully pay their debts to us except with goods. It is also a fact that not for a single year, in the past quarter-century, have we made it possible for our foreign debtors to pay their debts with goods. And now we have made it still more difficult by erecting still higher tariff walls.

"At the same time, we are constantly granting new loans abroad, thus adding billions to the debts of foreign countries, without having any idea how they will ever be able to pay what they already owe."

ONE of the pleasantest of current books is "The American Hotel" by Jefferson Williamson. The hotel, as it has developed from the inn, is an American institution. We led the way beginning in 1829 when the Tremont House was opened in Boston, and we have held it ever since. The Tremont, with its luxuries and refinements, caused natives and foreigners to gape, just as the new Waldorf-Astoria and Pierre hotels, now under construction in New York, are astonishing the world.

We have traveled a long way in a century, and the contrast between the standards of 1831 and 1931 are nowhere more vivid than in the hotel business. Until the opening of the Tremont, a single room was unobtainable. When a guest retired for the night he did not know whom he might find beside him in the morning. Frequently three or four slept in one bed "spoon fashion." Women were sometimes "roomed" with men.

The Tremont was the first hotel to put locks on the doors, and to install a bowl and pitcher in each room. Toilets and baths were located on the first floor. Gaslight was another novelty.

So sensational were the innovations at the Tremont that its opening was followed by an epidemic of hotel building, and the desire of American communities to boast of first-class hotels still persists—thank God!

The Tremont, with 170 rooms, was the world's largest at the time. The new Waldorf-Astoria will contain 2,253 large guest-rooms, of which 300 will have parlors. Many of the bathrooms are "boudoir-baths," being fourteen feet wide and eighteen feet long. The tower of the building, beginning at the twentieth floor, has been designed to provide quiet, air and sunlight and will contain 500 *de luxe* suites. These will have eighteen-foot ceilings, open fire-

places, and drawing rooms 45 feet long and 25 feet wide.

The rate at the Tremont was \$2 a day, which included four meals, but one can scarcely imagine a guest getting to his room in the new Waldorf for less than \$2 in tips.

EVEN a believer in progress turns the pages of the book sadly. In those older days mine host was a grand personality. He registered his guests, tended bar, and carved the meats. His table groaned under a load of food because eating and drinking were the principal recreations of the period. The daily menu included venison, bear steaks, wild turkey, wild duck, lobster, terrapin, oysters and wild pigeons, in addition to the usual veal, beef, mutton, ham and fowl. In those days wild turkeys weighed 20 to 30 pounds and oysters were so large that Thackeray, after trying his first one, said that he "felt as if he had swallowed a baby."

"The American Hotel" is a rich mine of fascinating Americana. It tells the legendary origin of the gin rickey, oyster cocktail, Saratoga chips, lobster *à la* Newburgh, porterhouse steak. It tells of diamond-studded clerks who were paid \$100 a month for clerking and earned commissions of \$5,000 a year from diamond brokerage. It tells of gala opening nights after which the hotel was frequently closed for a day for repairs.

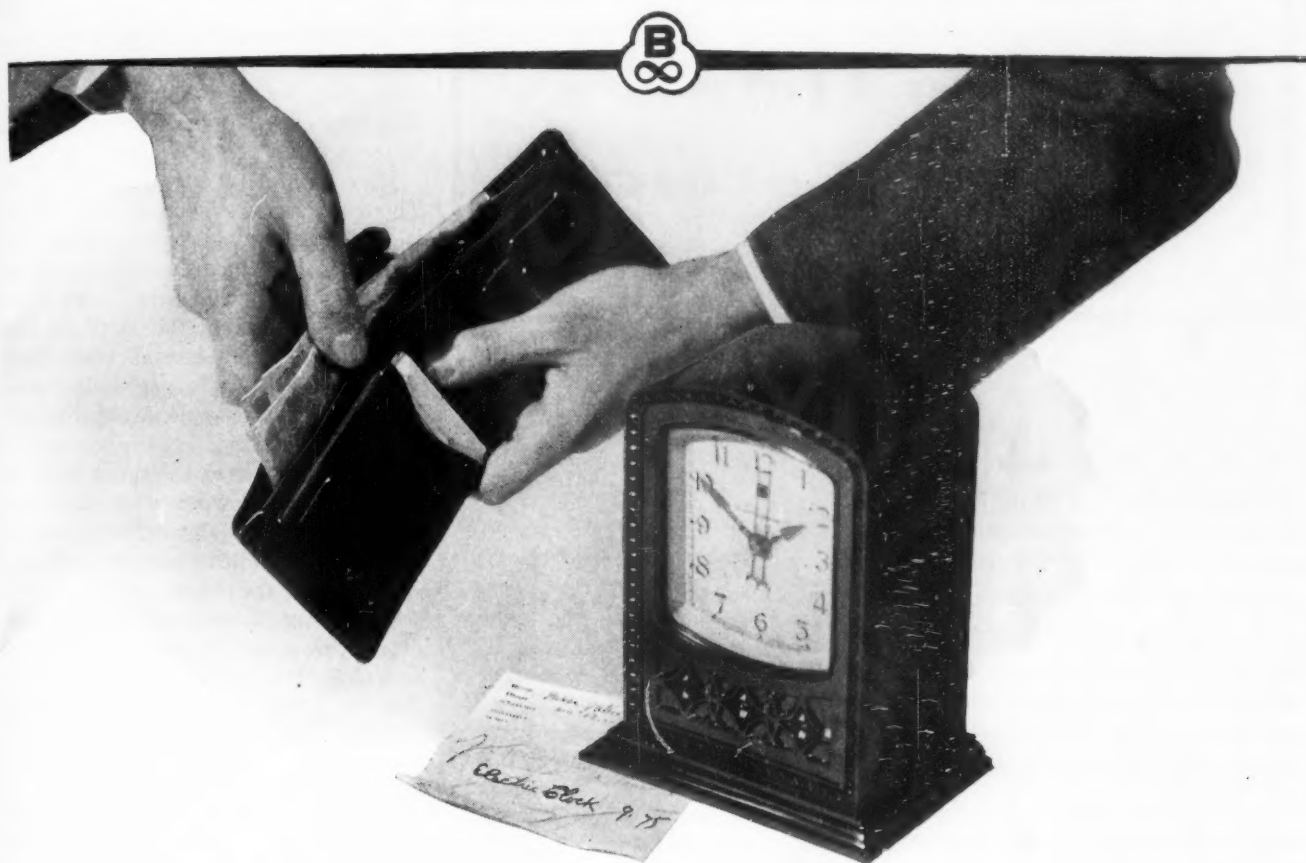
It tells of the growth of resort hotels with their "Lovers' Lane" and "Sweethearts' Paradise," boldly proclaimed in advertising. It tells of fortunes made and lost in the hotel business, of boys who rose from the pantry to the proprietorship of the most gorgeous houses.

It tells of John B. Drake who bought the Michigan Avenue Hotel (on the site of the present Congress Hotel) when it was surrounded by burning buildings at the height of the Chicago disaster. The Michigan Avenue Hotel miraculously escaped destruction, and Drake reaped a fortune.

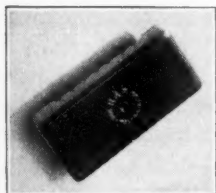
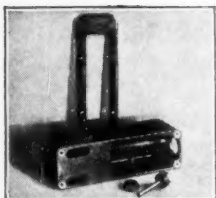
Rarely does a book appear that equals "The American Hotel" in human interest. It is a story of the American people during the last century, told in anecdotal form. Young men will enjoy it because it will reveal a side of life in other days that is too often omitted in standard histories; old men will like it because it will refresh memories of delightful places and occasions.

OF all pets, the dog is probably supreme. Once we accept ownership of a dog, most of us are helpless. The animal becomes as precious as a part of our-

^oThe American Hotel, by Jefferson Williamson. Alfred A. Knopf, New York. \$3.50.



A spur to sales... a boon to production



Fine appearance is an excellent salesman. Whether it is a device or appliance for the home or office, or an instrument for the laboratory, those with attractive, well designed housings win favor with the customer. For this reason the rich colors and lustrous finish of Bakelite Molded housings, and the pleasing designs which the material makes possible, invariably prove to be a spur to sales.

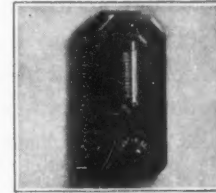
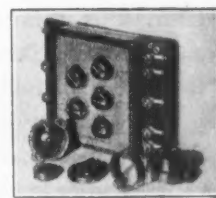
On the production side also, Bakelite Molded housings have many advantages. The parts are accurately formed in a mold, assuring dependable uniformity and interchangeability.



You will find this booklet most informative. Write for 42M.

Machining operations are eliminated, and plating or polishing are unnecessary. Surprisingly intricate shapes may be formed in one operation, greatly simplifying assembly. When required, metal inserts may be firmly embedded.

Somewhere on practically every device and appliance there is one or more parts that could be improved in appearance or performance by the use of Bakelite Materials. Your product may fall in this class, and as a first step toward finding out we invite you to write for Booklet 42M, "Bakelite Molded", an interesting treatise on this material and its uses.



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BAKELITE CORP. OF CANADA, LTD., 163 Dufferin St., Toronto, Ont.

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The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the capital "B" is the



numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

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Will You Help Pay Excessive Verdicts?

THE cost of property insurance is paid by you. Insurance companies act solely as instruments to distribute a loss which you may suffer, over a large number of people of whom you are one.

A company accepts a certain sum from you; that is the premium. In consideration of this it guarantees to reimburse you for losses arising from hazards described in a contract to which you and the company are parties; namely, the policy. It cannot agree to reimburse you for losses arising from other causes.

No reliable stock insurance company protests what seems to it an honest claim. But it must protest fraudulent and excessive claims if it is to be able to pay honest ones.

If a company is made to pay such claims, it can get the money only from you for you are its chief source of income.

Look at this matter from a purely selfish point of view. When your neighbor collects from an insurance company for an excessive or fraudulent loss, he is collecting from you. Are you willing to contribute?

Agricultural agents are more than salesmen or purveyors of insurance. Their efforts are to issue policies only to honest, fair-minded people. They are essential factors in the equitable distribution of losses to property. As such, they are worth knowing.

Agricultural
Insurance Company,
of Watertown, N.Y.

THESE AGRICULTURAL POLICIES ARE AVAILABLE TO ALL PURCHASERS
Fire • Parcel Post • Automobile • Marine • Use and Occupancy • Rent and Leasehold • Windstorm • Floaters
Aircraft Damage • Sprinkler Leakage • Earthquake • Explosion and Riot • and other property coverages.

When writing to AGRICULTURAL INSURANCE COMPANY please mention Nation's Business



selves. A dog is a civilizing influence in a modern household. Occasionally the members of my household are mean to each other, but all are kind to the dogs. The dogs develop and stimulate our better nature.

Lovers of plain dogs will find that Thomas Mann's "A Man and His Dog" is a most satisfying sketch. Mann, one of the most distinguished of European writers and a winner of the Nobel prize for literature, wrote the story of his short-haired setter several years ago. The current edition, in a splendid translation, is the consequence of Mann's growing popularity.

Mann writes from the point of view of the ordinary owner of an ordinary dog. Readers who fall within this classification will be able to identify their dog with Bashan, the setter.

Seldom has a writer of Mann's skill devoted so many pages to the behavior of a dog. The job is beautifully done. Every dog lover should have the volume in his library.

GROUCHO is the name which an advertising agent signs to the articles he writes for Printers' Ink. The best of these articles have been compiled and appear in a book entitled "What Groucho Says."

Groucho is good at poking fun at the stupidities and follies of business. He is equally good at revealing why the boss of his agency happens to be the boss and why the treasurer is the treasurer.

At luncheon at the Advertising Club where Groucho made a speech, he heard himself introduced as "one of the most important executives of one of the most important agencies." When he returned to his office, he was told that an important customer was annoyed because he had been unable to make connections with Groucho.

Groucho immediately got the customer on the wire and learned that he was to dash to a dog show and help the mother of the client choose a wire-haired fox terrier.

Life is like that at Groucho's agency and we suspect it is like that in all business offices. Big executives aren't doing big-executive work much of the time.

The best way to read Groucho is in small doses; hence he is at his best in Printers' Ink.

Those whose book-reading is limited to a few minutes a day will like Groucho in book form.

⁴*A Man and His Dog*, by Thomas Mann. Alfred A. Knopf, New York. \$2.50.

⁵*What Groucho Says*, by Groucho. Harper & Brothers, New York. \$3.

ing power of America is tremendous, and when it gains sufficient faith and courage to make itself felt again, this exaggerated depression, like all that have gone before, will soon be only a memory."

As I sat chatting with this bundle of energy and imagination that is Walter P. Chrysler, high up in his famous New York skyscraper, it was clearly apparent that the present lull in business was to him a time of opportunity—not disaster. Here was a moment to take stock, analyze motives, perfect plans and prepare for a brand new era!

He said, "Look at the automobile industry. Its future is secure. Every man, woman and child of legal driving age in the United States is a prospect for the purchase of an automobile. If he has one he could use another, and always he is wishing for a new and better car."

"The market for motor cars is bounded only by the capacity and ability of the American people to maintain and improve their standards of living. Unless one is a bear on the future of the United States, he must be a bull on the future of the automobile industry."

"And the future of the automobile industry is not unlike the future of every other industry!"

THIS is a moment to take stock, analyze motives, perfect plans and prepare for a brand new era. And, says Mr. Chrysler, the Pacific Coast deserves attention from every industry.

"How about the Pacific Coast in the coming days of trade revival and renewed industrial expansion," I asked.

"The Western Coast," said Mr. Chrysler, "is an empire by itself. The freight on goods from the East is the same as a tariff wall. Our assembly plant at Stockton in central California simplifies our whole job of serv-

ing Western population. Now we are considering the erection of a centrally located automobile factory in California.

"We always look to markets most desirable to cultivate. California is an autoist's paradise—an ideal twelve-month motoring country. It appears now that the automobile may have its greatest future on the Pacific

Coast. California has more automobiles to population than any other state. There is one passenger car for every 3.2 people. The average for the United States is one car for every 5.3 people. The motor cars in this one state outnumber those in France and Germany combined.

"The Pacific Coast deserves attention from every industry. Tin plate can be shipped West at low cost, but not tin cans. By resort to an efficient assembly plant, motor cars, like tin cans, may be shipped knocked down, permitting a substantial

reduction in the delivery price of the finished article. What is true of the auto industry is true of many another . . . And each assembly plant is, of course, a potential factory."

WALTER CHRYSLER is but one of the fifteen hundred Eastern corporation executives who maintain branches in the San Fran-



San Francisco Bay is second port only to New York in water-borne tonnage value

cisco Bay region. These leaders of American industry were seeking a geographical position that provided low cost and speedy distribution to the 11,000,000 people living west of the Rocky mountains. Some of them were hunting a gateway to 900,000,000 people in the lands that the Pacific reaches. San Francisco provides both.

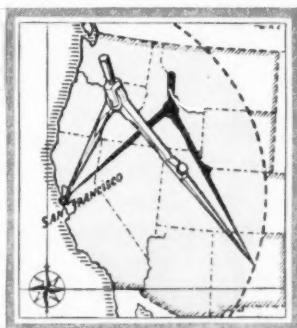
San Francisco centers the area of America's greatest growth. It has low costs and high living standards; the coolest summer and the best all-year working climate; the highest savings deposits and lowest illiteracy; an abundance of efficient labor; cheap power and oil and natural gas at tidewater.

Here in this coast-central region of play and work—this door to the Orient—this land of hills and ships and Chinese streets—we are witnessing the commencement of a tremendous industrial transformation that may well astonish the world.



... low costs and high living standards ...

SAN



Fifty per cent of the total population of the eleven Western states can be served most quickly and cheaply from San Francisco. Another twenty-five per cent can be served on an equal basis with any other city.

Please mention Nation's Business

FRANCISCO

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Name

Address

The Right and Wrong Way to Cut Costs



Industrial Brownhoist 15-ton capacity gasoline locomotive crane.

THERE is a right and a wrong way to save money in handling materials just as on every other item of production. Some companies try to do this by paying labor less than it is worth and then expect more of these men than they are physically capable of doing. This method is wrong.

Sooner or later these companies will find that makeshift handling methods do not pay; modern competition will see to that. Meantime, however, costs remain high, selling prices are out of line and profits diminish to the vanishing point.

While your thoughts are on the subject of materials handling, why not find out what it costs you? Go with a nearby Industrial Brownhoist representative to plants where you can watch locomotive or crawler cranes doing work similar to yours. You will be well repaid by seeing some clean-cut handling jobs and can ask the owners what they think of their cranes. They have found the right way to cut costs.



"The Laborer"—reproduced from the bronze by Max Kalish.

Industrial Brownhoist Corporation, General Offices, Cleveland, Ohio

District Offices: New York, Philadelphia, Pittsburgh, Detroit, Chicago, San Francisco, New Orleans

Plants: Brownhoist Division, Cleveland, Ohio; Industrial Division, Bay City, Michigan; Elyria Foundry Division, Elyria, Ohio

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

Our Railroads in the Next Ten Years

(Continued from page 22)

have been proposed. The nation and the states and the cities buy them and maintain them. The railroads pay more than one million dollars a day in taxes and most of the more than a million is on their rights-of-way. The air-lines pay property tax, and a gasoline tax, and trifles of that sort, but nothing whatever on their rights-of-way.

Now let us examine the amount of business the air-lines have done. According to the Department of Commerce "there has been a substantial increase in scheduled flying for the first half of 1930."

The latest figures for all air transport operators for this period show:

Miles flown	16,902,728
Passengers carried	208,357
Express carried	1,548,091 lbs.
Air mail	3,761,376 lbs.
Mail payments to operator	\$6,954,808
Passenger miles flown	51,609,749

No doubt the cost to the nation of the air mail, which is a form of subsidy, is justified by the fact that when and if the next war comes we will need planes by the swarm and pilots by the regiment.

Aviation is a strong competitor

WHETHER it is justified or not, it is there. I cannot pretend to say how many of the 208,357 passengers carried in the first half of 1930 by air were taken from the rails. It would be possible to discover the net loss to the roads through the carriage by air of almost four million pounds of mail, perhaps, and it is certain that the greater part of the million and a half pounds of express carried by air was taken from the railroads, because the Class I roads own the Railway Express Agency, and it is fair to point out that passenger traffic by rail decreased almost 75 million dollars in 1929, as compared with 1928.

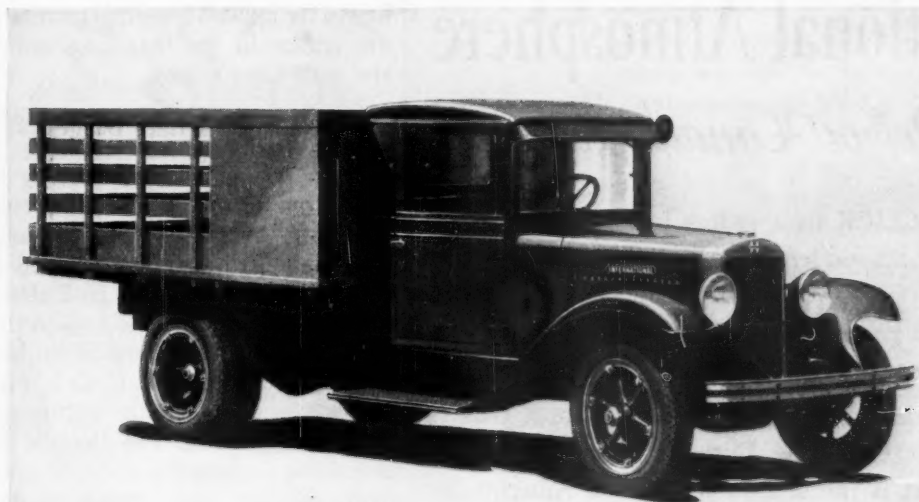
No matter what convincing reasons may be offered for the aid we give as a people to the air-lines, it is evident that they have created an express and passenger carrying rival to the railroads.

So much for the air. Let us look at the water.

It is impossible to dissect the known facts of the water-borne commerce to disclose the extent of competition with the railroads. A recent census of craft using the inland waters, issued by the Department of Commerce, shows that approximately 4,500 barges and 1,300

Here's the NEW

International Six-Speed Special



The new 136-in. wheelbase Six-Speed Special with standard stake body 8 ft. long by 6 ft. wide, with 36-in. stakes

NOW we round out the new line of International Trucks by announcing the new "Six-Speed Special."

Have you seen the celebrated "Six-Speed Special" going through its paces? This is the truck that gave the hauling world something entirely new in performance. It is the original heavy-duty speed truck with six forward speeds and two reverse speeds. It has a remarkable 2-speed axle through which its driver gets generous speed instantly on the hard road, or changes instantly to tremendous pulling power on any kind of tough going.

The original "Six-Speed Special" was sold everywhere. You can see these sturdy trucks working on steep hills, through mud and gumbo, in heavy timber operations, in farm fields, in the roadless oil fields, in and out of excavations and speeding along the highways everywhere.

BRIEF FACTS

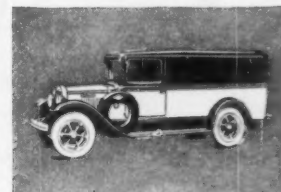
Wheelbase: 136 inches.
Rated Capacity: 1½ tons.
Engine: Powerful and unusually economical.
Clutch: Single dry-plate.
Transmission: 3 speeds forward, 1 reverse.
Final Drive: Spiral bevel gear of the 2-speed type, providing, with the transmission speeds, 6 speeds forward and 2 reverse.
Springs: Semi-elliptic front and rear. Auxiliary rear springs quarter elliptic.
Brakes: 4-wheel mechanical.

1931 Edition — Ready to GO!

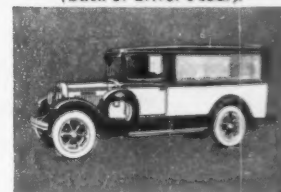
NOW we offer the handsome new model, retaining all the famous "Six-Speed Special" features—an even better truck in every way. Increased power, 1½-ton rating; smoother operation and handling; greater comfort for the driver; improvements throughout making for sturdiness and long life; and the handsome design of hood, radiator, and body that characterizes all the models in the new International line.

Come and watch this new "Six-Speed Special" perform. You'll admire its trim lines and speed on the delivery route. Its unequalled work on the heavy grade will amaze you and its economy is sure to please you. Any International Harvester branch or dealer will demonstrate the new "Six-Speed Special"—at your convenience and without obligation.

Body Types for all Requirements



The International Type C panel body for the Six-Speed Special is available in 8 or 9-foot lengths (back of driver's seat).



The Type C body is also available with screen sides, as shown in this illustration, or with glass sides.



The Six-Speed Special with 60-bushel grain box. This body is quickly convertible into a flat bed or into a roomy stock rack.



Dump bodies of 1½ yards capacity are available in many styles for the Six-Speed Special.

INTERNATIONAL HARVESTER COMPANY
606 So. Michigan Ave. OF AMERICA
(INCORPORATED) Chicago, Illinois



INTERNATIONAL TRUCKS

When writing to INTERNATIONAL HARVESTER COMPANY please mention Nation's Business



Clearing the International Atmosphere ...in the Detroit-Canada Tunnel!

A CLICK of a switch in the White House ... a sudden blaze of lights 75 feet below the surface of the Detroit River ... a silk band is parted, and a new submarine highway is opened. Two countries are brought closer together.

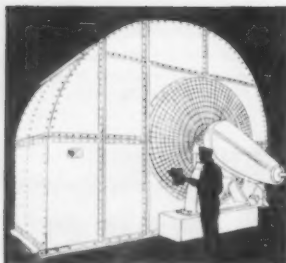
Completed in less than 2½ years at a cost of \$25,000,000, the Detroit-Canada Vehicular Tunnel is the second longest in America ... the only international link of its kind. Through it, 1000 cars may pass each way, each hour ... traversing the mile between Detroit and Windsor in 5 minutes.

No matter how heavy the traffic, the air is always safe and comfortable ... changed completely every 90 seconds by 24 giant Sturtevant Ventilating Fans. In the time it takes a car to drive through, the tunnel air changes 3 times!

The use of Sturtevant Fans in the Detroit-Canada Tunnel follows the precedent set by their choice for America's other under-water vehicular tubes ... the Holland Tunnel between New York and New Jersey, and the Posey Tube between Oakland and Alameda, California.

B. F. STURTEVANT COMPANY

Main Offices: HYDE PARK, BOSTON, MASS., CHICAGO, ILL., 410 No. Michigan Avenue, SAN FRANCISCO, CAL., 681 Market Street. Branch Offices in Principal Cities



Construction of tunnel approaches, terminal buildings and ventilating buildings; also all paving, lining, lighting, ventilating, etc., of tunnel by Parklap Construction Co. of New York. River tube construction by Porter Bros. & Robt. Porter, Seattle. Plans, specifications and supervision by Parsons, Klapp, Brinckerhoff and Douglass, New York City. Ole Singstad, Consulting Engineer on Ventilation.

Sturtevant

REG. U.S. PAT. OFF.
HEATING-VENTILATING AND
POWER PLANT EQUIPMENT

When writing to B. F. STURTEVANT COMPANY please mention Nation's Business

units of propelling equipment are in operation, valued at 150 million dollars. This is exclusive of the Great Lakes.

One thing is definitely known.

The inland waters are each year carrying more bottoms. More companies are annually launching more boats. Some are common carriers and some are privately owned freighters, such as those in the fleets of the U. S. Steel and Carnegie Steel Companies. The fair assumption is that these companies are making a profit on their boats. It is another fair assumption that when the nine-foot channel is completed all the way to the upper Mississippi more boats will engage in the freighting business and make more money.

Rails must help barges

EVERY ton of freight taken by the water from the railroads is just so much less money in the railroads' treasuries. It has been demonstrated that port-to-port freight business is not profitable on the rivers. It is not even self-supporting. The boats and barges must be fed from the hinterland and the I. C. C. is under instructions to compel the railroads to help do the feeding. The Denison Act directs the Commission to fix "through routes and joint rates." This it has done in many cases. The railroads complain that, in practically every instance, the joint rates produce less for the railroad's share per ton-mile than if it had the full job. The water carrier's rates are never cut, they say, but the rail carrier always suffers.

Government aid makes possible the profitable operation of craft on our inland waterways.

No one will question that, I think. Fifty locks have been put in the Ohio from Pittsburgh to Cairo. The 15 million dollars spent on the Monongahela have given the steel district shippers the cheapest water transportation in the world. When the program for harnessing the Mississippi is completed the wheat of the northern ranches and the steel of the Pennsylvania hills may be taken to the sea at an unprecedentedly low cost.

The cost will be paid by the public.

The boats and barges will pay no taxes on the watery right-of-way. As a part of the public the railroads must pay their proportionate share of setting up this rival.

The railroads now spend more than two million dollars a day to maintain their private rights-of-way, on which they are taxed.

The program has been accepted by the public. Experience may prove that it was born of far-sighted wisdom. Last

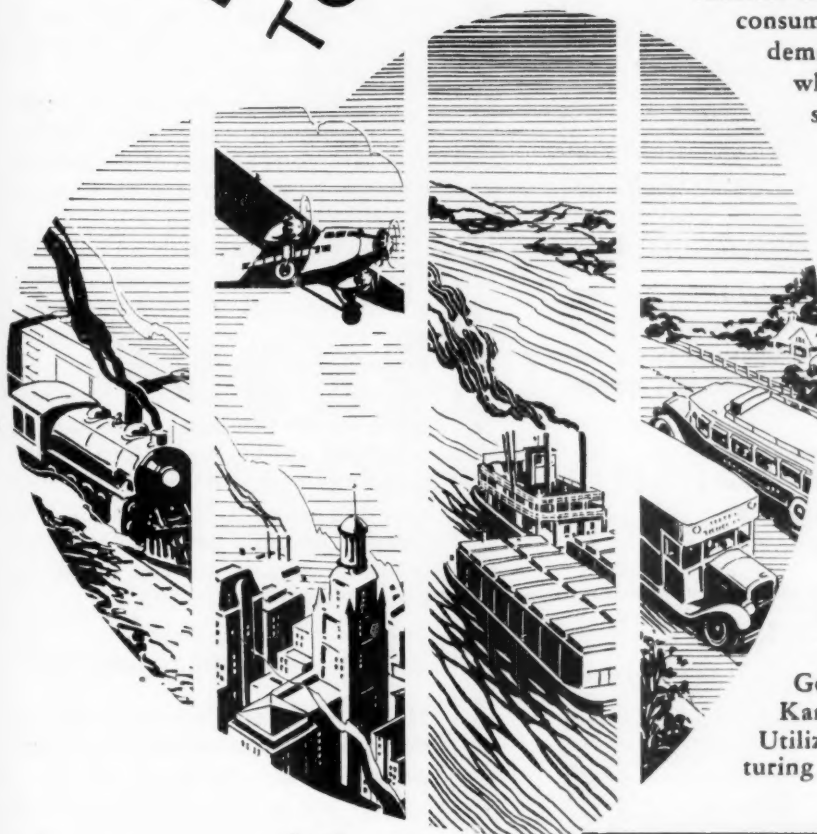
THE SHORTEST, MOST INEXPENSIVE DISTRIBUTION ROUTE TO 19 MILLION PEOPLE

COMPETITION is tightening. Goods move most satisfactorily and profitably over shortest distances between producer and consumer. Retail dealers rightly are demanding the sort of service facilities which enable them to give promptest service with minimum stocks.

Here, in one of the country's best prospering territories, 21 million people look to Kansas City as the principal source of commodity supply. And, of this vast group, 19 million are served more economically from Kansas City than from any other market.

Kansas City has every transportation advantage. Twelve trunk line railroads radiate in every direction giving fast passenger and freight service. The 6-ft. Missouri River channel is almost completed. Regularly scheduled airplane service connects Kansas City with every section of the country. Here, too, is an important center of truck and bus transportation.

Get nearer this vast market. Serve the Kansas City territory from Kansas City. Utilize its transportation and manufacturing advantages to your own profit.



New IN KANSAS CITY

Engineers report that the 6-foot Missouri River channel to the Mississippi is almost completed, almost ready for barge line operation. This new-old transportation artery shortly will give low-cost water connections with all inland waterways and with the seaboard.



INDUSTRIAL COMMITTEE OF THE CHAMBER OF COMMERCE OF KANSAS CITY, MO.



INDUSTRIAL COMMITTEE, CHAMBER OF COMMERCE,
KANSAS CITY, MISSOURI

Please send me the facts about Kansas City. I am interested in the _____ industry.

Name _____

Firm _____

Address _____

City _____ State _____

I saw your advertisement in Nation's Business

When writing to KANSAS CITY CHAMBER OF COMMERCE please mention Nation's Business

Constructive Auditing

An independent audit is to be regarded always as the means to valuable advice from the auditor or auditing firm.

Too often, auditing service ends with the report of the financial condition of (name) as of (date).

Auditors should be equipped—and should be employed—to offer recommendations in connection with method, policies, financing, etc.; to furnish comparative statistics intelligently prepared; to point out how mistakes and waste may be eliminated, and pitfalls avoided.

Of course, *every audit should be a Detailed Audit*. But whether it be *Detailed*, *Semi-Detailed* or *Balance Sheet*, it can, and should be made to, serve as the basis, not only of the financial report, but also for constructive help.

With the business man's appreciative understanding of this help, and the cooperation of progressive Public Accountants, Auditing becomes *Constructive* and offers its greatest value.

ERNST & ERNST

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SYSTEM SERVICE

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CINCINNATI	GRAND RAPIDS	MIAMI	ROCHESTER	WILMINGTON, DEL.
CLEVELAND	HARTFORD	MILWAUKEE	ST. LOUIS	WINSTON-SALEM
COLUMBUS	HUNTINGTON, W. VA.	MINNEAPOLIS	ST. PAUL	YOUNGSTOWN
		NEW ORLEANS	SAN ANTONIO	

year there were approximately 110,000 miles of pipe lines, of which more than 85,000 were reported to the I. C. C. In 1922 only 57,000 miles were reported to the Commission.

Gasoline shipped by pipes

TWO pipe lines are now being built for the piping of gasoline. One will originate in Oklahoma and one in Texas. They will carry gasoline to the north and central west. Another line formerly used for crude is being cleaned out to be used as a gasoline feeder for the Ohio Valley from the Atlantic Seaboard. On these lines the faucet stations will be 50 miles apart, and from them gasoline will be trucked into the back country. It may be taken for granted that this is but the beginning of the diversion of the gasoline hauling business from the railroads to the pipe lines.

What will be the effect on the roads?

The railroads today own 285,000 tank cars. Some portion of the 285,000 must be junked. Perhaps all of them will be. A heavy net loss.

The total revenue produced by petroleum products for the railroads amounts to more than 380 million dollars annually. The greater share of this will be lost when gasoline pipelining becomes the accepted practice. But we have only begun on the pipe line possibilities.

Natural gas has been piped to fortunate communities for years. The lines are being extended. Every unit of heat provided by piped gas is one unit that is not provided by the coal hauled by the railroads.

More subsidized competitors

HERE enter the motor truck and the motor bus, two other subsidized competitors of the railroads.

They are not subsidized in fact, of course. A subsidy is a definite thing and the trucks and buses do not get it. But they do get public aid which amounts to much the same thing. So conservative an authority as the Commission on Commerce and Marine of the American Bankers Association has stated that the nation is spending about one billion dollars annually in building and rebuilding its roads.

Our good roads offer a free right of way to the motor buses and trucks. The railroads pay more than one million dollars a day in taxes and two million dollars daily in maintaining their rights-of-way. I am repeating myself again, but that point should be hammered in. A good share of that more than a million dollars a day is spent by the public



WHERE TO LOCATE

The many advantages in natural resources, geographical and political location, ocean and rail transportation, legislation, taxation, labor and power supply in the territory served by this company are set forth in a new booklet, "Industry's New Magnet." Sent on request.

Department of Development

The Shawinigan Water & Power Company

Power Building • Craig Street West
MONTREAL, CANADA



PRESSED STEEL . . .

WILL SAVE WEIGHT . . . MACHINING . . .
MATERIAL . . . AND MANUFACTURING COST

WHEN the pressed steel redesign engineer visits your plant give him an audience. He has a service for you that will cost you nothing—a service that may favorably affect your profits. Let him show you how he has saved thousands of dollars for other manufacturers by redesigning their products, in part or in whole, in pressed steel. ¶ Then, let him go over your parts lists and catalogs with a view of doing the same for you. He may find that he can make impressive savings in weight, material costs, machining, assembling,

breakage and at the same time, produce better looking, more saleable products. ¶ If your costs are

mounting and sales resistance increasing, it will be well worth your while to call in a redesign engineer to closely analyze your products; a letter addressed to us will put you in touch with competent men who will be glad to advise you about pressed steel as it affects your business, without any cost or obligation on your part. Trade Research Division, National Association of Flat Rolled Steel Manufacturers, 511 Terminal Tower, Cleveland, O.



STEEL SHELVING

Stops fires before they are started. Equip your office and plant with steel shelving that is non-inflammable; that saves 16½% of storage space; speeds inventory taking, that is flexible and 100% salvable.

Save



Money



Labor



Time



Weight

with Pressed Steel

When writing to NATIONAL ASSOCIATION OF FLAT ROLLED STEEL MANUFACTURERS please mention Nation's Business

THE DOORWAY OF AMERICA'S FREIGHT ELEVATOR TRAFFIC



PEELLE
MOTORIZED
 FREIGHT ELEVATOR
DOORS

smoke . . . wherever the smoke of industry signals activity there you will find Peelle Doors in an active role. Products that feed, clothe and amuse a nation, transport it, house it—travel the vertical shaftway route that passes through Peelle Doors. Their wide-spread installation, their varied use and proven performance presents evidence of recognized efficiency. Motorized—Peelle Doors afford instant entrance and exit at the touch of a button—and by their greater speed and simplicity of operation reduce interior traffic costs. A catalog will be gladly sent upon request, or consult our engineers.

THE PEELLE COMPANY, BROOKLYN, NEW YORK
 Boston, Chicago, Cleveland, Philadelphia, Atlanta and 30 other cities. In Canada: Toronto and Hamilton, Ontario

UNITED FOUNDERS CORPORATION

A holding company which controls American Founders Corporation and has extensive investments in public utility and other fields.

in building other rights-of-way on which the motor buses and motor trucks are operating in competition with the roads.

Nothing can be done about it, of course. The roads must be built. The more fast, safe, dependable transportation we have at decreasing costs the happier and more prosperous we will be as a people.

Trucks in long-haul competition

THE railway heads did not see what was coming when the truck first began to haul freight. They rather chuckled about it. Short haul, less-than-carload freight had always been a nuisance.

What they did not see—what no one saw—was that truck using is a habit that grows. The merchant who ships ten miles today by truck will ship 50 miles tomorrow. Then he will ship 250 and 300 miles. We know now of instances in which freight has been delivered 1,000 miles by truck.

The railroads "have no economic right to any traffic," as stated in the Esch report of 1928. That will be conceded without demur, but if they do not get enough traffic to earn a reasonable profit we will all suffer. I think that also will be conceded. The temper of the times is certainly for more bus and truck service. One argument is that it stimulates the important motor and road building industries. No one, myself least of all, would lift a finger to impede the constantly accelerating flow of cheaper and more convenient transportation. Yet I am compelled to reiterate my query:

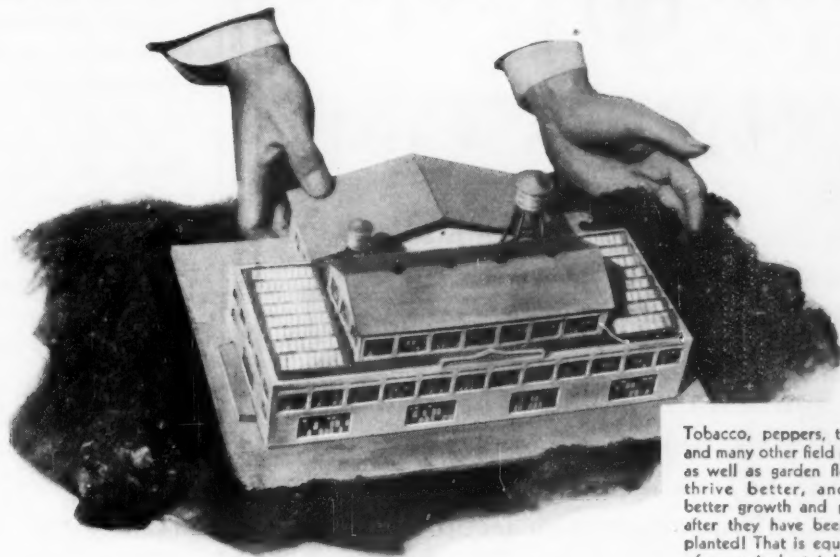
"What will happen to the railroads?"

More and more the motor manufacturers are delivering their product on trucks and trailers. Not long ago the raiser of live stock was obliged to delay the shipment of his commodity until a carload could be made up at his station. Now he gets prices by radio at night and delivers to the stockyards the next morning in his own truck. Considerably more than 2,000 trucks a day ply the 100 miles between New York and Philadelphia.

"The radius of operation of motor trucks is being continuously extended," stated the Association of Western Railway Executives in a brief filed with the I. C. C., "and trucks of increased capacity are supplanting the smaller type."

The railways are no longer content to let that bothersome less-than-carload, short-haul business go to the trucks. In the brief I have just quoted I find the further statement that this business de-

TRANSPLANTING TIME FOR INDUSTRIAL PLANTS



Tobacco, peppers, tomatoes and many other field plants—as well as garden flowers—thrive better, and make better growth and progress after they have been transplanted! That is equally true of many industrial plants!

A PERIOD OF GROWTH IS COMING SOON . . . HOW WILL YOU MEET IT?

Industrial plants often thrive best after they have been "set out" in new surroundings. Following a period of inactivity, new, vigorous roots strike deep into fresh soil, and flourishing growth succeeds the long season of dormancy.

Now is the time to choose the location where your factory will thrive most vigorously . . . to decide upon the most fertile field for your productive energies.

Engineers look for certain basic factors that are essential to industrial success. Among them are abundant raw material supplies; an adequate reserve of eager, energetic labor; economical power, ample for future growth; and—of prime importance these days—quick access to large and active consuming markets.

Piedmont Carolinas holds the nation's largest sources of many important raw materials. Do you know what they are? It offers keen, intelligent labor. Do you

realize that farm-employed men and women outnumber factory workers here three to one? Regarding power, have you checked with your engineers on the extent of Piedmont Carolinas' hydroelectric development?

And as for markets, did you know that this section is within economical reach of 50% more of the nation's total purchasing power than (for example) the leading Atlantic seaports!

Now is the time to get the facts . . . to make decisions . . . to act. The first step suggests that you send for "Piedmont Carolinas, Where Wealth Awaits You." A book of production facts and market data. Brief. Condensed. Yet complete, too. It has given many manufacturing executives a new vision of profit-making opportunities. Send for it, on business letterhead please. It is free. Address Industrial Dept., Room 110, Power Building, Charlotte, N. C.

The "frost will soon be out of the ground." A bountiful harvest will reward those who prepare for it now!



DUKE POWER COMPANY

SOUTHERN PUBLIC UTILITIES CO. AND OTHER ALLIED INTERESTS

PIEDMONT INDUSTRY CAROLINAS

When writing to DUKE POWER COMPANY please mention Nation's Business



Jim Smith's Costs

When Jim Smith, factory hand, produced four units per day by the sweat of his brow, production costs were largely a matter of Jim's wages. Today, Jim Smith, machine operator, produces 400 units per day. Accounting for the cost of Jim's *machine* is now more important than accounting for Jim. American Appraisal Service supplies the basic information with which to account for Jim's machine.

THE AMERICAN APPRAISAL COMPANY

New York • Chicago • Milwaukee
and Principal Cities

AN INTERNATIONAL ORGANIZATION



EVERY RETAILER is interested in knowing how his expenses of doing business compare with those of retailers elsewhere doing a similar volume of business in the same line and under similar circumstances.

The Domestic Distribution Department of the United States Chamber of Commerce has just published a revised and enlarged edition of "Retailers Expenses" which presents common operating expense figures of thirteen lines of business.

This booklet is substantially bound for frequent reference. Fifty cents a copy.

DOMESTIC DISTRIBUTION DEPT. U. S. Chamber of Commerce
Washington, D. C.

creased in the Western District alone from 25,934,325 tons in 1920 to 17,298,619 tons in 1929. The Baltimore and Ohio Railroad concluded after a survey that the trucking industry grew because of its added convenience. Trucks haul from door to door and time and trouble are saved. Already some of the roads are experimenting with trucks as a supplement to the rail haul.

Can the railroads, by any rates the traffic will bear, stand up under their competition? Can they earn sufficient under any scale of rates to maintain themselves as efficient, adequate instruments of transportation?

It is not a question of regulation but of favored competition.

Buses cut passenger traffic

I HAVE not touched on the motor bus competition. There is not space enough to do more than hint at it. A map of motor bus operations, prepared by the National Association of Motor Bus Operators, seems at first glance to be all red. Then one sees that only the bus lines have been marked out in the war paint. I discover that last year the same association reports that 92,500 common carrier buses did 1,750,000 miles in this country. One begins to see why the railroads' revenue from passenger carrying was \$428,885,689 less in 1929 than in 1920.

Double-deck buses are being built. One may travel by sleeper bus now across the continent in full comfort. The motor truck competition with the railroads is based primarily on convenience but that of the bus has its standing on economy.

There is a distinct movement toward the almost forgotten two cents a mile rates in coaches that are more luxurious than Pullman cars were in those days. Homesick wanderers may take part in Old Home Weeks by railroad excursion more cheaply than they can travel by bus.

It is too early yet to foretell the result of this battle. It is only certain that the fight is just beginning. We are in a period of transition. Nothing like it has ever taken place before. When we emerge from that period I wonder what will have happened to the railroads?

What the Railroads Want

THE railroads themselves are fully aware of their present precarious position. They are seeking some sort of federal legislation to help them survive.

At a joint meeting of the executive

STRUCTURAL STEEL CREATED THE SKYSCRAPER

STEEL CARRIES ACRES TO THE SKY

A CROWDED CITY pleads for space . . . swiftly, floor on floor, the sure steel climbs—and thirty-five or forty city "plots" stand where there was one before.

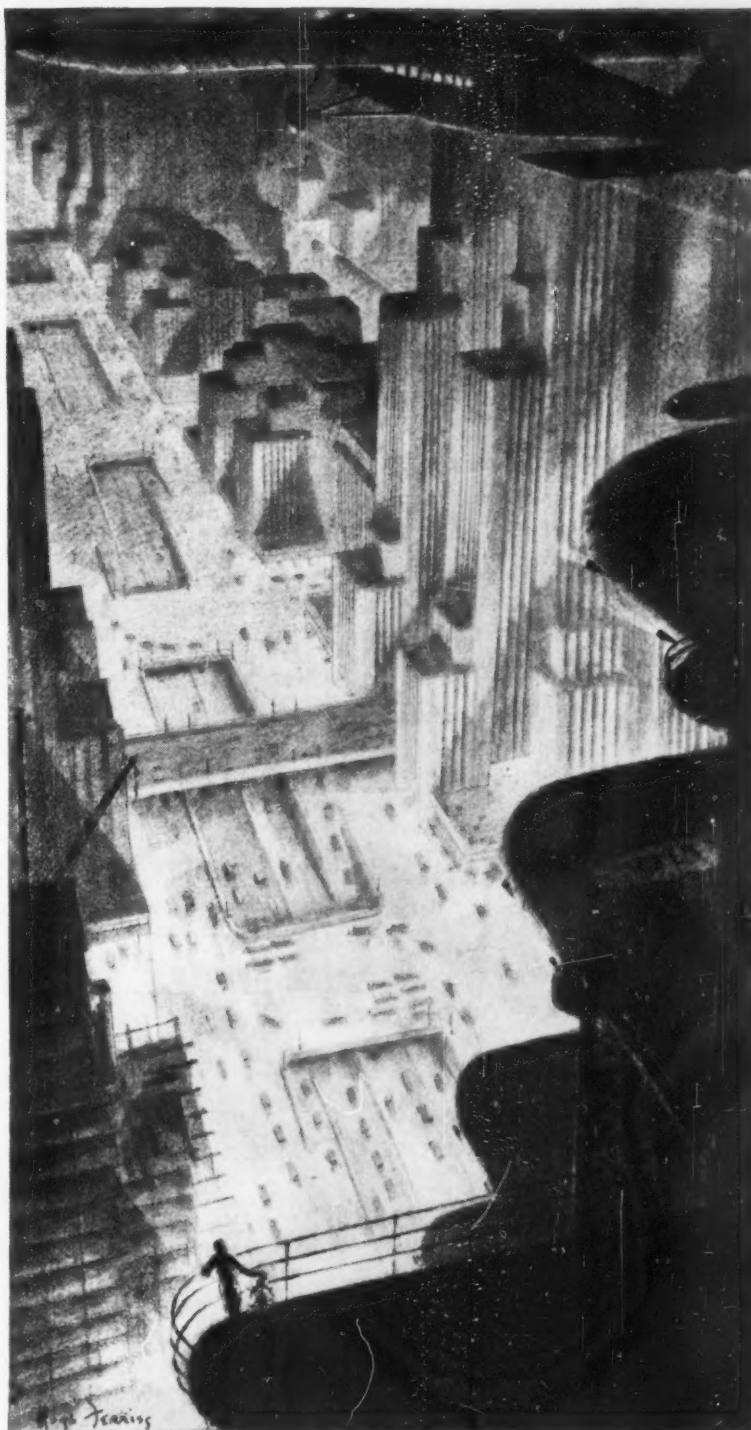
Structural steel not only multiplies the precious bit of ground. It increases *rentable* floor area. Its great strength is not handicapped by excessive bulk, so interiors may be larger without conspicuous construction members. Steel comes to a job ready to go into place. It is unaffected by rain, freezing or intense heat. Erected quickly, wherever and whenever men can work, it saves time, labor, interest charges.

More and more homes, small apartment and mercantile houses, small industrial plants and small as well as large bridges are being built with *structural* steel. Architects and builders are realizing that the employment of steel merely to give strength and security to weaker materials is a compromise with its many advantages when used in the form of structural shapes.

Before building anything, find out what steel can do for you. The Institute serves as a clearing house for technical and economic information on steel construction, and offers full and free co-operation in the use of such data to architects, engineers and all others interested.



The co-operative non-profit service organization of the structural steel industry of North America. Through its extensive test and research program, the Institute aims to establish the full facts regarding steel in relation to every type of construction. The Institute's many publications, covering every phase of steel construction, are available on request. Please address all inquiries to 200 Madison Avenue, New York City.—In Canada, to 710 Bank of Hamilton Bldg., Toronto, Ontario. District offices in New York, Worcester, Philadelphia, Birmingham, Cleveland, Chicago, Milwaukee, St. Louis, Topeka, Dallas, San Francisco and Toronto.



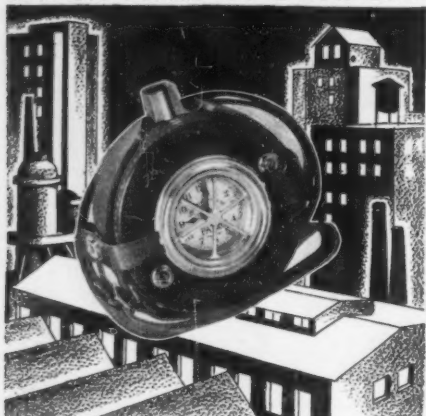
"SKYSCRAPER HANGAR IN A METROPOLIS," BY HUGH FERRISS. AN ENLARGEMENT, ON SPECIAL STOCK FOR FRAMING, WILL BE MAILED WITHOUT CHARGE TO ANY ARCHITECT, ENGINEER OR BUSINESS EXECUTIVE.

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THE MOST
IMPORTANT EQUIPMENT
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A Detex Watchman's Clock

After business hours the most important equipment in the place is the Watchman's System. It alone gives positive evidence of the safeguarding of the value of plant equipment, stock, or furnishings—even the records of the firm. It checks the watchman and gives its report in indisputable, unalterable form.

Nor was such value ever offered in watchmen's clocks as is now offered in Detex New Models—long the leading clocks of the world. All models have been strengthened and improved until today they offer the greatest value in durability, adaptability, freedom from repair and continuity of service.

If your equipment is not in A-1 shape, now is the time to renew it.

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Send me information on the new model Detex
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Address.....

City.....State.....

When writing please mention Nation's Business

committee and member roads of the Association of Railway Executives in New York, November 20, this "Declaration of Policy Deemed Necessary for the Continuance of Adequate Transportation Service to the Public" was unanimously approved and adopted:

Without referring to or including in any way the results of the business depression of 1930, and basing the statement entirely on the period ended with December 31, 1929, the following picture presents itself:

Growth in Railway Traffic

	Revenue ton-miles increased	Passenger miles increased
From 1890 to 1900..	85.8%	35.4%
From 1900 to 1910..	80.1%	101.6%
From 1910 to 1920..	62.2%	46.5%
From 1920 to 1929..	8.8%	34.2% Decrease

What Are the Causes Leading to This Extreme Decline in Railway Traffic in the Past Nine Years?

1. Motor vehicles, coupled with improved highways.

MOTOR VEHICLE REGISTRATIONS

Year	Passenger cars (Includes motor buses)	Motor trucks	Total motor vehicles
1920..	8,225,859	1,006,082	9,231,941
1921..	9,346,195	1,118,520	10,464,715
1922..	10,864,128	1,375,725	12,239,853
1923..	13,479,608	1,612,569	15,092,177
1924..	15,460,649	2,134,724	17,595,373
1925..	17,512,638	2,441,709	19,954,347
1926..	19,237,171	2,764,222	22,001,393
1927..	20,219,224	2,914,019	23,133,243
1928..	21,379,125	3,113,999	24,493,124
1929..	23,121,589	3,379,854	26,501,443
Per cent increase			
1929 over 1920	181.1%	235.9%	187.1%

APPROXIMATE NUMBER OF BUSES

1920	10,000
1929	92,500
Per cent increase 1929 over 1920..	825.0%

2. Transcontinental tonnage handled through the Panama Canal—

Fiscal year	Intercoastal tons of cargo
1921.....	1,372,388
1922.....	2,562,527
1923.....	8,068,553
1924.....	13,527,378
1925.....	9,496,259
1926.....	10,069,604
1927.....	10,560,505
1928.....	10,067,392
1929.....	10,119,028
Per cent increase 1929 over 1921..	637.3%

3. Traffic handled over the inland waterways, excluding the Great Lakes.

Year	Tons
1920.....	83,150,182
1921.....	79,901,753
1922.....	77,872,724
1923.....	108,026,159
1924.....	121,713,097
1925.....	136,372,752
1926.....	146,907,027
1927.....	154,575,002
1928.....	160,927,905
Per cent increase 1928 over 1920	93.5%

4. Contributing factors to this decline in rail traffic are the pipe lines, high-power electric lines and the newest development of the piping of natural gas from the wells to large centers, which is going to reduce still further the coal traffic.

In so far as any form of the above service

is legitimate and a natural economic development, the railroads have no right to complain. The public is entitled to the best transportation at the lowest reasonable cost. However, where the rail carriers are prevented through legislation from fairly competing, or where the service rendered by the competitor is a subsidized one, such unfair handicaps should be removed.

IT IS SUGGESTED:

(A) That the present lack of adequate regulation of motor bus and truck operation should be remedied by the enactment of appropriate legislation, with no discriminatory provision against the railroads operating in the same field.

(B) That the restrictions on the railroads from competing with the Panama Canal by refusal to grant them Fourth Section relief be removed.

(C) That the Government discontinue competing with railroads or any other form of transportation directly or by subsidy.

(D) That pipe line common carriers be subjected to the same restrictions, in respect to the transportation of commodities in which they are interested, directly or indirectly, as the railroads now are.

The above refers to loss of traffic through competitive reasons.

Traffic that remains has produced the following results:

1. The average receipts per ton-mile have been as follows:

	Average receipts per ton-mile (cents)	Reduction in freight revenue due to declining average receipts per ton-mile compared with 1921
1921.....	1.275	
1922.....	1.177	\$332,500,000
1923.....	1.116	656,236,000
1924.....	1.116	617,580,000
1925.....	1.097	736,589,000
1926.....	1.081	860,868,000
1927.....	1.080	836,037,000
1928.....	1.081	839,855,000
1929.....	1.076	890,170,000

Per cent of decline 1929 under

1921..... 15.6%

Total reduction in
revenue..... \$5,769,835,000

Figures for average receipts per ton-mile, it is fair to say, represent many factors, such as changes in commodities, distances hauled and other items, and cannot be taken as a precise guide to rate reductions; but they are conclusive as showing the trend.

2. During this same period the operating expenses have indicated the application of great economy and efficiency, as shown by the following figures:

OPERATING EXPENSES AND TRAFFIC UNITS*

	Class I Steam Roads—United States		
	Total operating expenses	Traffic units (millions)	Expenses per 1,000 traffic units
1920..	\$5,827,591,146	550,852	\$10.58
1921..	4,562,668,302	418,778	10.90
1922..	4,414,522,334	445,695	9.90
1923..	4,895,166,819	526,597	9.30
1924..	4,507,885,037	496,688	9.08
1925..	4,536,880,291	521,665	8.70
1926..	4,669,336,736	550,179	8.49
1927..	4,574,177,821	529,686	8.64
1928..	4,427,995,036	527,719	8.39
1929..	4,506,056,262	540,544	8.34

Decrease 1929 under 1920

Amount \$1,321,534,884 10,308 \$2.24

Per cent 22.7% 1.9% 21.2%

(Continued on page 76)

Have you considered *this way*

NOW, before the new year begins, is the time to lay plans for increasing profits in 1931.

Now is the time to determine whether the methods you used this year can be improved next year—to put your finger on spots where time and dollars, now being wasted, can be saved—to compare the results produced by other methods with those you have secured—to consider how you can reduce expense and increase sales by newer and better methods of operating.

How, for instance, are you now handling the many name and data writing operations in your business? How are bills and statements headed up, payroll and factory forms written, stock records kept, letters and bulletins prepared and addressed? How is routine data being written on all the different kinds of forms used in your business? Is every single letter of every single word being laboriously written or typed?

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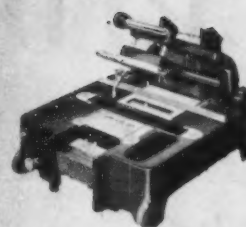
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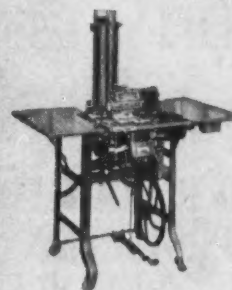
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to increase
your
PROFITS
in 1931?

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This has been accomplished largely through the expenditure for capital improvements in the nine-year period amounting to \$6,855,416,000, which provided improved locomotives and equipment, improvement in the physical structure, improvement in methods, and done in conformity with the program of the railroads entered into in 1923 which, as announced at that time, was based "on an abiding faith in the fairness of the American people and reliance on the continuance of the policy announced in the Transportation Act, 1920, as a measure of reasonable protection to investment in railroad property."

During this same period the decline in the average receipts per ton-mile has shown an accumulative amount closely approximating what has been spent for capital expenditure—\$5,769,835,000.

3. Notwithstanding this economy and efficiency, rates have never produced the return on property investment contemplated in the Transportation Act, viz., 5¾%, for the railroads as a whole.

RATE OF RETURN ON PROPERTY INVESTMENT

Class I Steam Roads—United States

Year	Rate
1921.....	2.87
1922.....	3.59
1923.....	4.33
1924.....	4.23
1925.....	4.74
1926.....	4.99
1927.....	4.30
1928.....	4.65
1929.....	4.84
Eight months ended Aug. 31, 1929	5.48
" " " " " " 1930	3.59

Rate based on property investment of carriers as shown by their books, including material and supplies and cash.

What Are the Reasons?

Reductions in rates, beginning with the year 1921, have continued up to the present moment. These reductions were brought about—

First—By action of the Interstate Commerce Commission.

Second—Through reductions made voluntarily by the carriers to meet competition including that of unregulated or subsidized transportation.

Third—Through reductions made voluntarily by the carriers for the development of industrial enterprise and communities.

This is the situation in which the railroads of the country find themselves today.

What the railroads are asking is a new spirit and attitude on the part of legislative and regulative authorities

(a) through a recognition that the railroads are engaged in a business subject as other business is to the operation of economic laws and should accordingly be permitted to adapt themselves quickly to changes in economic conditions which confront them, and

(b) through a recognition that railroad operation is a fundamental public necessity and that the maintaining at all times of an efficient national system of transportation, adequate to the business needs of the public, is necessary, if we are to progress as a nation.

The railroads at this time make the following recommendations:

(Continued on page 78)

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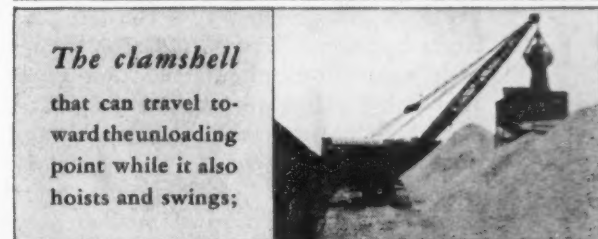
*The
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 loads and unloads
 heavy or bulky
 materials;



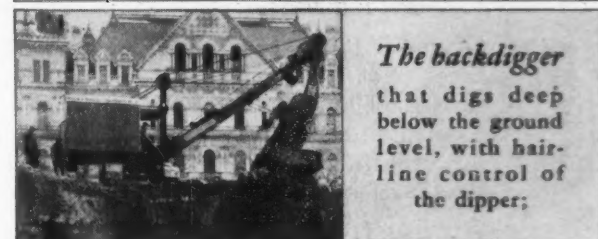
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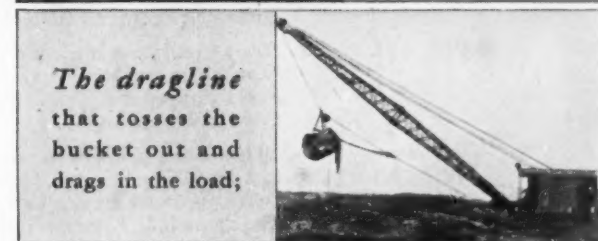
The shovel
 with tremendous
 power that can be
 concentrated di-
 rectly to any one
 motion—hoist,
 swing or crowd;



The clamshell
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 ward the unloading
 point while it also
 hoists and swings;



The backdigger
 that digs deep
 below the ground
 level, with hair-
 line control of
 the dipper;



The dragline
 that tosses the
 bucket out and
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First—A respite from rate reductions and suspensions by regulating bodies, both intra and interstate, and from action that will increase the expenses of the carriers.

Second—A respite from legislative efforts of either the national or the State legislatures that would adversely affect rates or increase the expenses of the carriers.

Third—A withdrawal of governmental competition both through direct operation of transportation facilities, as well as indirectly through subsidies.

Fourth—A fairly comparable system of regulation for competing transportation service by water and on the highways, involving affirmative legislative action:

As regards water transportation, legislation should cover

- A. Extending jurisdiction of the Interstate Commerce Commission over port to port rates, to include—
- B. Determination of just and reasonable rates, and prohibition of discriminatory and unduly prejudicial rates.
- C. Publication of and adherence to rate schedules.
- D. Proper service requirements.
- E. Certificates of public convenience and necessity after proper showing.
- F. An opportunity for the railroads to enter this field of transportation under proper supervision, but without handicap as compared with other transportation agencies. The Panama Canal Act should be modified so as to permit railroad operation of waterway service in conjunction with rail service.
- G. And, in addition to affirmative legislative action, the retention of the flexible character of section 4, Interstate Commerce Act, sympathetically administered, with fair opportunity on the part of rail carriers to obtain relief after proper showing and including transcontinental traffic.

As regards commercial highway transportation, by bus or truck, legislation should cover

- A. Extending jurisdiction of the regulatory authorities over commerce carried by such agencies.
- B. Certificates of public convenience and necessity, after proper showing.
- C. Proper protective requirements for financial responsibility and surety bonds or insurance.
- D. Adequate requirements for just and reasonable rates, both maximum and minimum, with provision for publication thereof and adherence thereto, and proper inhibition against undue and unjust discrimination.
- E. Proper service requirements.
- F. Adequate authority for rail carriers to operate such facilities, without discrimination in favor of other transportation agencies in the same field.
- G. Adequate provision for privilege or license fee imposed on all motor vehicles for hire or profit using highways, so as to properly participate in construction and maintenance costs of highways.

As regards pipe line transportation—

That pipe line common carriers be subjected to the same restrictions as to the transportation of commodities in which they are interested, directly or indirectly, as the railroads now are.



NOVEMBER, 1930

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WHILE production is slack, the wise executive is looking over his plant, replacing worn equipment, making changes here and there to gain higher efficiencies, and getting things ready for the reawakening of industry.

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NEWS OF ORGANIZED BUSINESS

By WILLARD L. HAMMER

Facts vs. Pessimism

A BUSINESS-FACT exchange, intended to rid business of its present pessimism, has been established by the National Association of Life Underwriters. In brief, the plan is to show business men the facts as to the state of trade.

In one community where the plan was tested, it was found that unemployment on October 1, 1930 was 10,400 as against 10,000 on the same date of 1929. That was not considered an abnormal variation. As to the poor state of trade, three concerns were found in that community that had done more business in the first nine months of 1930 than in any full year previously.

According to Roger B. Hull, managing director of the Association, if only one manager in each of the 225 cities where the Association is organized would take up this campaign, 50,000 business contacts would be made each week through which facts rather than pessimistic rumors would be spread.

Muskegon Survey

THE Greater Muskegon Chamber of Commerce of Muskegon, Mich., has published an illustrated civic and industrial survey which sets forth Muskegon's advantages in labor for manufacturing and in location for distribution. Civic development and agriculture in the surrounding country also are stressed.

"Municipal Golf Courses"

THE Civic Development Department of the Chamber of Commerce of the United States has published a pamphlet "Municipal Golf Courses" to meet the demand for information on the subject. The general layout of courses, administration, maintenance, rules and related subjects are discussed.

Hosts in Milwaukee

TAKING cognizance of the effectiveness of the convention business as a community builder, the Milwaukee Association of

Commerce recently founded the Loyal Order of Hosts in order to intensify its efforts to "sell" organizations on their city as a meeting place. Every Milwaukeean who is a member of a conven-

tion-holding body is eligible to membership, and more than 2,000 have already been enrolled.

Qualifications for membership in this honorary body are simple—the Hosts

Where Business Will Meet in January

Date	Organization	City	Headquarters
1	New River Coal Operators Association	Mt. Hope, W. Va.	Mountain Air Hotel
2-9	National Shoe Travelers Association, Inc.	Detroit	Book-Cadillac Hotel
5	Rubber Manufacturers Association	New York	Commodore Hotel
5-8	National Shoe Retailers Association	Detroit	Book-Cadillac Hotel
6-8	Northern Retail Nurserymen's Association	Minneapolis	Nicollet Hotel
7	Motorcycle & Allied Trades Association	New York	Palmer House
8	Mid-West Shippers Advisory Board	Chicago	Butler Hotel
9	Special Agents Ass'n of the Pacific Northwest	Seattle	Olympic Hotel
9-10	Associated General Contractors of America, Pacific Northwest Branch	Seattle	Medinah Club
9-10	American Title Association	Chicago	Pennsylvania Hotel
12	Rug Cleaners Institute of America	New York	Statler Hotel
12-16	American Road Builders Association	St. Louis	Elks Hotel
13	American Association of Advertising Agencies	New York	Bellevue Stratford
13	Southeastern Millers Association	Minneapolis	Westward Ho Hotel
13-15	Eastern Soda Water Bottlers Association	Boston	Copley Plaza Hotel
13-16	National League of Commission Merchants	Philadelphia	Hotel New Yorker
13-16	Western Fruit Jobbers Association of America	Phoenix	Broadmoor Hotel
14-15	New England Association of Ice Cream Mfrs.	Boston	Union League Club
15	Eastern Confectioners Traffic Bureau	New York	Stevens Hotel
15-17	Mountain States Lumber Dealers Association	Colorado Springs	Congress Hotel
15-17	National Association of Real Estate Boards	St. Petersburg	Stevens Hotel
17	American Association of Railway Advertising Agents	Chicago	Stevens Hotel
19	National Canners Association	Chicago	Congress Hotel
19	National Food Brokers Association	Chicago	Stevens Hotel
19	National Preservers Association, Inc.	Chicago	Stevens Hotel
19	National Retailer Owned Wholesale Grocers	Chicago	Stevens Hotel
19	Northern White Cedar Association	Minneapolis	Radmore Hotel
19-21	Middle Atlantic Shoe Retailers Association	Atlantic City	Madison Hotel
19-21	National Sporting Goods Distributors Ass'n	Chicago	LaSalle Hotel
19-22	National Crushed Stone Association	St. Louis	Jefferson Hotel
19-23	Society of Automotive Engineers, Inc.	Detroit	Book-Cadillac Hotel
20-21	Empire State Bottlers of Carbonated Beverages	Syracuse	Onondaga Hotel
20-22	Better Bedding Alliance of America	Chicago	Auditorium
20-22	Northwestern Lumbermen's Association	Minneapolis	Daniel Boone Hotel
20-22	West Virginia Retail Hardware Dealers Ass'n	Charleston, W. Va.	President Hotel
20-22	Western Retail Implement & Hardware Ass'n	Kansas City	West Baden Hotel
20-23	National Association of Dyers and Cleaners	West Baden, Ind.	Fontenelle Hotel
20-27	Nebraska Millers Association	Omaha	Bellevue Stratford
21-23	Pennsylvania Lumbermen's Association, Inc.	Philadelphia	Stevens Hotel
22	American Walnut Manufacturers Association	Chicago	Stevens Hotel
23	Evaporated Milk Association	Chicago	Stevens Hotel
23	Manufacturing Jewelers Board of Trade	Providence	Grand Central Palace
23	National Ass'n of Engine and Boat Mfrs.	New York	Commodore Hotel
23	National Woolens and Trimmings Ass'n, Inc.	New York	Claypool Hotel
23	Wallpaper Association of the United States	New York	St. Francis Hotel
23-24	Central Electric Railway Association	Indianapolis	St. Francis Hotel
25-30	Associated General Contractors of America, California Branch	San Francisco	St. Francis Hotel
26-30	American Institute of Electrical Engineers	New York	Commodore Hotel
27	National Association of Printing Ink Makers	Chicago	Radisson Hotel
27	National Boot and Shoe Mfrs. Ass'n, Inc.	New York	Statler Hotel
27	Northern Pine Manufacturers Association	Minneapolis	Deshler-Wallick
27-28	New England Nurserymen's Association	Boston	Deshler-Wallick
27-28	Ohio Association of Ice Cream Manufacturers	Columbus	Deshler-Wallick
27-28	Ohio Milk Distributors Association	Columbus	Deshler-Wallick
27-29	American Wood Preservers Association	Philadelphia	Jefferson Hotel
27-29	National Sand and Gravel Association, Inc.	St. Louis	Pennsylvania Hotel
27-29	Northeastern Retail Lumbermen's Association	New York	Masonic Temple
27-29	Oklahoma Hardware and Implement Ass'n	Oklahoma City	President Hotel
27-29	Western Association of Nurserymen	Kansas City	Olympic Hotel
27-29	Western Confectioners Association	Seattle	Manufacturers Bldg.
27-30	Indiana Retail Hardware Association	Indianapolis	William Penn Hotel
27-30	National Association of Merchant Tailors	Pittsburgh	Lincoln Hotel
27-30	Nebraska Retail Hardware Association	Lincoln	Lincoln Hotel
28-29	Tennessee Retail Lumber Millwork and Supply Dealers Association	Nashville	Lincoln Hotel
28-30	American National Livestock Association	Seattle	Lincoln Hotel
28-30	Southwestern Lumbermen's Association	Wichita	Lincoln Hotel
28-30	United Roofing Contractors Association	Toronto, Ont.	Royal York Hotel
28-30	Western Retail Lumber Dealers of Canada	Winnipeg, Man.	Fort Garry Hotel
28-31	American Warehousemen's Association	Atlantic City	Fort Garry Hotel
29	Theater Owners Booking Association	Cleveland	San Carlos Hotel
29	Alabama-Florida Turpentine Producers Ass'n	Pensacola	San Carlos Hotel
30	Carolina Shippers Association	New Bern, N. C.	San Carlos Hotel
31	American Cranberry Growers Association	Camden	Walt Whitman Hotel

are obligated to do all in their power to make the stay of the visitors pleasant. They are well supplied with information as to what makes Milwaukee famous, and each is identified by a distinctive Host button. John L. Barchard, vice president of the Milwaukee Association of Commerce and chairman of its Convention Bureau is Big Chief Loyal Host.

This project operates with double-barrelled efficiency. In selling others on the merits of their home city, the citizens re-sell themselves and become, not only loyal, but informed protagonists.

Arbitration in Connecticut

THE Connecticut Chamber of Commerce, in conjunction with the American Arbitration Association, has provided facilities for arbitration of commercial disputes in that State.

A panel of more than 160 arbitrators, leading Connecticut business men, has been set up. Recently the first case presented itself, involving what appeared to be irreconcilable differences between two concerns. The differences were settled to the satisfaction of both parties.

Minimum Wage Scale

THE Tri-Cities Chamber of Commerce at Grand Haven, Mich., has induced highway commissioners of Michigan to stipulate a minimum wage scale in future contracts so that contractors will not be able to take unfair advantage of workers.

The new policy was brought on indirectly by a contractor who was building a bridge near Grand Haven and who announced a wage scale of 25 cents an hour. The Tri-Cities Chamber investigated and then recommended to highway commissioners that a minimum wage scale be prescribed in future contracts. The commissioners accepted the recommendation and announced that future contracts of this nature would stipulate a minimum wage of 35 cents an hour.

The Places Visitors Visit

THE Baltimore Association of Commerce recently used a "points of interest contest" to stimulate interest in the city's historic background and at the same time to place before the public, through the newspapers, Baltimore's advantages as a convention city.

Prizes were offered for the best groups of five places which would attract the



BUILDING FOR THE FUTURE OF INDUSTRY

Lever Brothers Company has selected Stone & Webster Engineering Corporation four times to construct major developments. Most recent of these is the new plant at Hammond, Indiana, built from designs of Chas. T. Main, Inc.

Our flexible service is immediately available for any problem in modern building and engineering. We work from the plans of others as in this instance, or we will design and build the entire project.

BUILDERS and ENGINEERS
For The
BUSINESS LEADERS
OF AMERICA

STONE & WEBSTER ENGINEERING CORPORATION

A SUBSIDIARY OF STONE & WEBSTER, INCORPORATED
Associated in Canada with WILLIAM McCLELLAN and COMPANY, LIMITED, Montreal

When writing to STONE & WEBSTER ENGINEERING CORPORATION please mention Nation's Business

A better, faster, finer drying service— that prevents chapping



Now—a quick, healthful and sanitary dry that eliminates all chapping! The NEW "SF" SANI-DRI dries the skin by nature's own method—evaporation—bringing the natural skin-protecting oils to the surface—cooling the skin in summer and soothing and healing it in winter. No longer need your skin be roughened or irritated by coarse, scratchy and unsanitary towels.

Truly a better, faster way to dry the hands and face! And much more economical than any comparable towel service. For the NEW "SF" SANI-DRI costs 60% to 90% less to operate than the expensive towel service it replaces.

Is it any wonder that far-seeing executives are showing their appreciation of this new model's superior service by installing it in plant washrooms throughout the land?



The improved swivel nozzle and long-lived heating element are factors that assure Sani-Dri's quick, always dependable drying service.



The New "SF" Model operates easily, surely and instantly with the touch of the foot upon this solid brass, correctly designed foot pedal.



Sani-Dri's trouble-free switch, tested to a million makes and breaks, is always ready to provide continuous service, at any hour of the day or night.



Mechanical Superiority, Plus a Longer Useful Life

The NEW "SF" SANI-DRI not only dries faster but lasts longer. It is built for permanent sanitation, for continuous use and lasting satisfaction. The 12 outstanding features of this new model are of vital interest to every executive. They are fully described in our new booklet, "The Airway to Efficiency", just off the press. May we send you a copy? Your name and address on the coupon brings it by return mail. Fill out and mail it NOW.

Electrical Division
CHICAGO HARDWARE FOUNDRY CO.
North Chicago, Illinois

Electrical Division,
CHICAGO HARDWARE FOUNDRY CO.,
North Chicago, Illinois
Please send me a copy of your new booklet, "The Airway to Efficiency,"
describing the New "SF" Sani-Dri in detail.

N. B.
1-31

Name.....
Title.....
Street Address.....
City..... State.....

When writing to CHICAGO HARDWARE FOUNDRY CO. please mention Nation's Business

average visitor or tourist. First prize was won by a citizen who contributed:

Fort McHenry, where "The Star Spangled Banner" was written; the Washington Monument, in Baltimore, the first public monument erected to George Washington; Druid Hill Park; Johns Hopkins Hospital; and the grave of Edgar Allan Poe.

The tabulation of the vote gave the Convention and Visitors' Bureau an interesting list of selling points that might be used in advertising the city.

Five Years of Cooperation

THE New England Council in November published the fifth anniversary issue of its "New England News Letter." It's a pamphlet of optimism in this period when too many such publications are unduly pessimistic.

The New England Council was formed in 1925 when a large part of the country, including many New Englanders themselves, thought New England had passed her industrial peak and was facing a sharp economic decline.

The Council was formed to find and broadcast the facts of New England business. It has done the job well and is continuing its work. Its fifth anniversary finds a marked improvement in New England industry over the five-year period.

Helping Its Merchants

THE Ohio State Council of Retail Merchants is issuing a series of store-management bulletins to Ohio merchants. The bulletins, called a "New Door to Profit-making," show briefly and simply a method of merchandise control that is truly opening the door to profits for merchants receiving the help.

Other personal helps along this line demonstrate the practical ways in which a trade group may be of value to its members.

Sioux City Survey

THE Sioux City Chamber of Commerce of Sioux City, Iowa, has prepared an industrial survey, "The Sioux City Market," showing the industrial status of the city, its rank as a livestock and grain market, and its trade area. Transportation, resources, and civic matters are explained.

New Texas Association

A GROUP of investment bankers in Texas has recently organized the Investment Bankers Association of Texas. Organization

Announcing the

"Y and E" VISIBLE

A Complete New Line of
Visible Index Equipment
- - - backed by a
Great Name - - -

The new "Y and E" line of Visible Index equipment, product of Yawman and Erbe's half century of service to the public, offers radical improvements over existing equipment.

For Example —

- ▼ 1. The new principle of flexible card hinges permits cards to pass through the typewriter after the system is set up.
- ▼ 2. Shifting cards from one position to another is accomplished with lightning-like speed.
- ▼ 3. Single or folded cards or sheets of paper can be used equally well. Each form 100% visible and usable.
- ▼ 4. Records lie flat in natural or reversed position making a firm writing surface. Only one hand needed to operate.
- ▼ 5. A self lifting and self closing metal top card to each tray — another one-hand operation.

The next time the "Y and E" Man calls ask him to tell you the many advantages of this new equipment.

"FOREMOST FOR FIFTY YEARS"



YAWMAN AND ERBE MFG. CO.

128 JAY STREET :: :: ROCHESTER, N. Y.

Export Department: 368 Broadway, New York, N. Y., U. S. A.

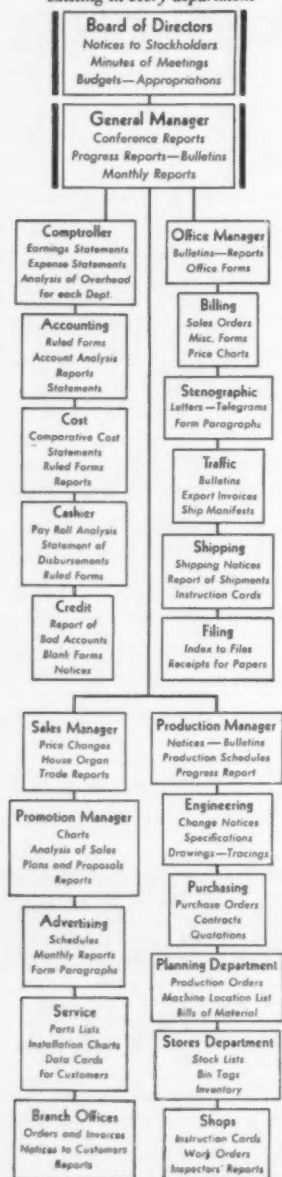
Steel and Wood Filing Cabinets . . . Steel Desks . . . Steel Shelving . . .
Safes . . . Office Systems and Supplies . . . Bank and Library Equipment

When writing to YAWMAN AND ERBE MFG. CO. please mention Nation's Business



"This one Ditto machine does the copying for every department"

This chart suggests a few of the many DITTO applications existing in every department



"Ditto works for every department in our business. It saves \$2,500 a year in duplicating alone, on work formerly done outside.

"The remarkable usefulness of Ditto is illustrated in our billing department. One typist and one Ditto machine... that is all we need now for more billing than we ever had before. Each order is typed *once*. Ditto copies all the forms from that one original... copies all the fill-in or part of it, as each form requires... without stencil, type or carbon. As a result, our orders are shipped 24 to 36 hours sooner. We never have mistakes due to re-writing. We have eliminated three girls. A tremendous improvement in service to our customers is most important of all.

"For other departments, our Ditto machine copies everything, from memos to blueprints; from price lists to work orders; from cost statements to stock reports and sales maps and purchase orders... *one writing* suffices for any job of paper-work. The speed, accuracy and economy of Ditto are astounding!"

The attached coupon will bring you a booklet, "Cutting Costs With Copies"—tells how Ditto handles all kinds of office routine work.

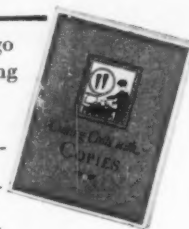
Ditto Incorporated

(Duplicating and Billing Equipment)

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Ditto Inc., 2245 W. Harrison St., Chicago
Please send your booklet, "Cutting Costs with Copies."

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Address _____
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of the Association was prompted by the rapid growth in population and wealth in that State, making it, the bankers thought, an inviting field for the operation of fly-by-night promoters. The Association will work to protect the State from shady promotions.

The Association plans to make available to the public information as to Texas' resources so that the investor may safely invest his funds.

The Association at present has only ten charter members but other prominent investment banking houses in Texas have expressed their willingness to join.

"Retailers' Expenses"

THE Domestic Distribution Department of the National Chamber of Commerce has revised and enlarged its pamphlet "Retailers' Expenses." The new edition contains common operating expense figures for 13 lines of retail business. The figures are expressed in percentages of net sales for ten expense classifications.

The various studies in the 13 lines cover percentages of gross margin, net profit, and rate of stock turnover as well as other valuable data. Copies may be obtained for 50 cents.

Displays of Local Goods

THE Utica, N. Y., Chamber of Commerce, through its industrial department and its retail merchants council recently staged a display of locally manufactured goods. The displays were made in the windows of Utica retail establishments, and a silver cup was offered by a local bank to the concern having the best display.

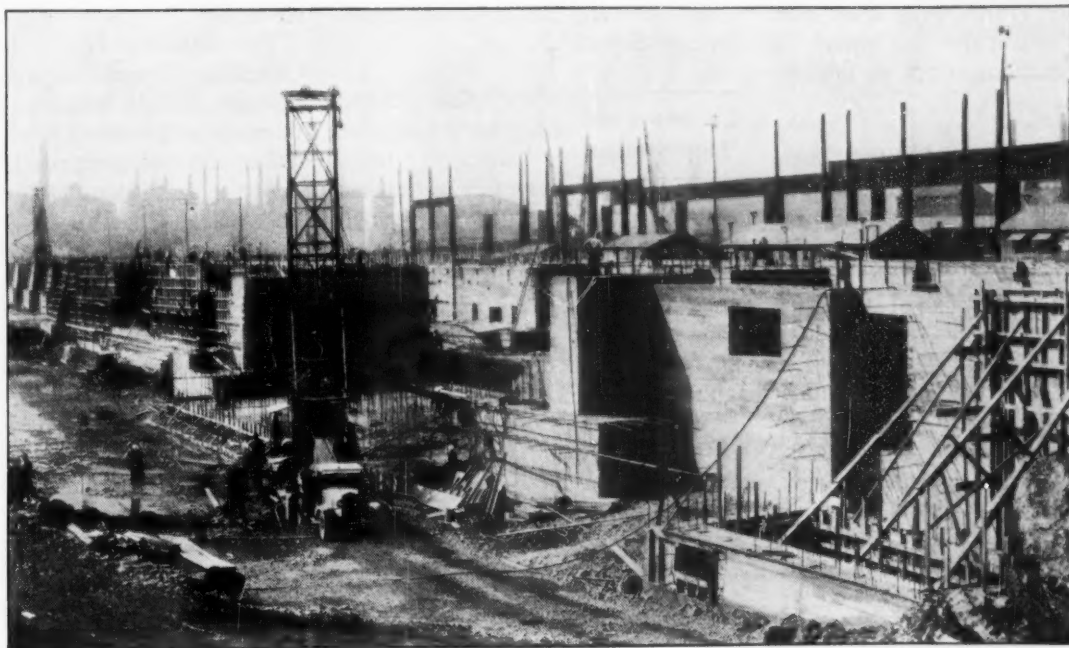
The event included a joint luncheon of the Chamber of Commerce with Kiwanis and other local service organizations.

Parades and Retailing

THE Fifth Avenue Association of New York City has considered the value of parades—and finds them practically valueless.

The Association for many years has received complaints from business houses along the famous Avenue that parades depressed businesses tremendously. The Association appointed a special committee to study the problem and recommend changes in the City's ordinances to remedy the situation.

The committee reported that there were other streets of equal value as parade grounds but without the heavy



60% Increase in Industrial Construction...

UNITED ENGINEERS & CONSTRUCTORS, INC.

combining

Day & Zimmermann
Engineering & Construction Co.
Dwight P. Robinson & Co., Inc.
The U. G. I. Contracting Co.
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(Canada) Ltd.
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Design and Construct

INDUSTRIAL PLANTS
STEAM POWER STATIONS
HYDRO-ELECTRIC
DEVELOPMENTS
RAILROAD WORK
GAS PLANTS

Build

APARTMENTS
HOTELS
OFFICE & MONUMENTAL
BUILDINGS

WE ARE now doing 60% more construction work for industrial companies than we were a year ago, indicating that many manufacturers are taking advantage of present favorable construction conditions to build replacements and new plants.

Construction costs are lower today than at any time during the past eight years. Out-of-date manufacturing facilities—old buildings with inefficient routing and layout—may be replaced now at lower cost than formerly.

Our services as engineers and builders—to execute both engineering design and construction or to build from the plans of other engineers or architects—are available to those contemplating new manufacturing, warehouse or power facilities.

UNITED ENGINEERS & CONSTRUCTORS

INCORPORATED

DWIGHT P. ROBINSON, PRESIDENT

PHILADELPHIA
LOS ANGELES

NEW YORK
MONTREAL

NEWARK
BUENOS AIRES

CHICAGO
RIO DE JANEIRO

MAXIMUM RETURN TO CLIENTS PER DOLLAR INVESTED

retail business which parades hamper. It further stated that many other cities had sought to ban parades through the busy retail sections except on Sundays or holidays.

Linthicum Prize Award

FOR the best "comprehensive critique of the International Chamber of Commerce's 1930 draft convention for the international protection of industrial property" the Charles Clarence Linthicum Foundation will give a prize.

The Charles C. Linthicum Foundation encourages research, study, and instruction in topics of law involving the development of industry and commerce.

Details of the present contest, which

closes December 15, 1931, may be obtained from the Northwestern University Law School, Chicago.

Chambers and Employment

THE New Orleans Chamber of Commerce is attacking unemployment in that city by making a record of the unemployed there, endeavoring to find the causes of unemployment and their remedies. It is also studying the unemployment plans devised in other cities to determine whether all or parts of them are applicable in New Orleans.

The initial effort of the committee in charge of this work will be to secure employment in those cases where no member of the family has work in order

to carry that family over the present emergency.

The Camden, N. J., Chamber of Commerce is sponsoring a conference of Camden officials, business men, philanthropists and welfare workers to centralize unemployment relief.

At the suggestion of directors of the Los Angeles Chamber of Commerce, a "work test" has been put into operation in Los Angeles as a means of weeding out transient alms seekers who add to the burdens of those seeking employment for needy residents.

The "work test" was proposed after representatives of the charitable groups reported that many men seeking free meals and lodging refused opportunities to work when they were given them.

Keeping Workers in a Wilderness

(Continued from page 48)

interest in sports. Athletic teams of almost every sort have been organized, including hockey, tennis, baseball, lawn bowling, basketball, swimming, boxing and wrestling.

Hockey attracted executive

One man who now holds an important executive position in the organization was attracted to the Company, not because of his interest in paper making, but in hockey. A hockey arena, which it is predicted will be the finest in northern Ontario, is now being constructed.

The mill has no golf team because Kapuskasing has no golf course, but there will be one there before long.

July 1 each year is Annual Sports Day, a big holiday. The athletes compete, and the winners receive loving cups and other prizes. On Christmas Eve there is a Christmas tree party for the youngsters. The adults have a special party for themselves Christmas night.

The Community Club has its own orchestra, which plays for all gala occasions. On Labor Day there is an excursion to Smoky Falls on the Mattagami River, 50 miles north of Kapuskasing, where the Company's hydroelectric plant is located. It is an all-day outing, everybody invited.

The workers at the mill are given a free hand in organizing and directing the activities which concern themselves. They are encouraged to take an active interest in the problems of plant management, production, personnel and such things.

A Mill Council, composed of 12 workers, meets regularly to discuss problems and to make recommendations to the plant manager. It does more than that. The Mill Council works directly with the plant manager to help carry out its recommendations whenever it is feasible to do so.

Half the members of the Council are elected by the workers themselves, one representative from each of the mill's six departments. The other six members are appointed by the Company, one from each department.

The plant manager acts as chairman of the Council, and has no vote except in case of a tie. The superintendent of personnel is secretary of the Council and is without a vote.

The men like their work

There is *esprit de corps* at the Spruce Falls Power and Paper Company. As you walk through the mill you feel that the men like their work, that they are tackling it with enthusiasm. The men consider it an honor to be working there.

"We're out here in the bush, a long way from the city," said E. S. Noble, general manager of the plant, "but our standards here are high—and the men themselves keep them high.

"If a man comes here wanting to learn, he is given every opportunity. We look upon every man as an individual, and he is made to feel free to come to us and talk over his problems. He is encouraged to have ideas about his work and to make suggestions. If

he has ability and is willing to work, no one stands in his way, but, rather, every one helps him along.

"If a man wants to study a correspondence course, the Company helps him pay for it. If he cares to go to night school there are classes for him at the Community Club, and the instructors are good ones."

Twenty-four hours of work

THE mill is a busy place. It works on three eight-hour shifts—from eight in the morning until four in the afternoon, from four until midnight, and from midnight until eight the next morning. While the plant is closed down over the week-end, the maintenance crew is busy oiling, repairing and improving the machinery.

The mill maintains its own research laboratory, first-aid room with a trained nurse on duty, and cafeteria. The organization is growing. Its personnel department keeps in contact with outstanding men in schools and colleges who might be interested in paper making, and gives them an opportunity to work during summer vacations.

Each spring the Company employs a number of college graduates and gives them a chance to learn the paper-making industry from the bottom up. The worker is given every assurance that his job is permanent if he is willing to do his part, and that there is a bigger job ahead if he is willing to work and study for it and to accept added responsibility.

"The various things we are doing for

FASTEST FIGURING in the world!

● The amazing speed of the Marchant 100% Electric Calculator—*controlled speed*—gives you the fastest figuring in the world, combined with absolute accuracy and greatest ease of operation. Completely electrified and fully automatic. The only calculator that can give you maximum efficiency in your figuring.

For years the outstanding calculator, with five vitally important exclusive features, the Marchant now also has *automatic electric carriage space*. At the touch of your finger the carriage spaces in either direction, at will, one step or many.

Automatic electric clearance, too—the machine can be cleared of all figures *instantly* by pressing a key.

These and many other special features designed for increased speed and ease of operation place the Marchant in a class by itself—the fastest, most efficient calculator, with every improvement that will help you save time, save work, save money.

Try out the Marchant on your own work, prove its superiority yourself. Phone our local representative, or use the coupon. Sales and service offices the world over.

MARCHANT 100% ELECTRIC Calculator

17 Years building Calculators; nothing else. Electric, hand operated and portable calculators. As low as \$125.

Adds, Subtracts, Multiplies, Divides

©1930



● "It's amazing, Miss Wright! This work you did in 10 minutes used to take 3 hours when I had your job."



MAIL this Coupon... NOW

MARCHANT CALCULATING MACHINE CO.
Dept. 202, Oakland, California

MAR-094

Gentlemen: Please send me free literature and information about

☐ Marchant 100% Electric Calculators ☐ \$125 Marchant Portable Calculator

Name _____

Firm _____

Address _____

City and State _____



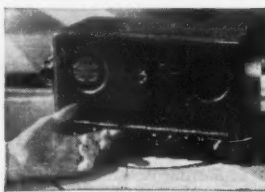
When writing to MARCHANT CALCULATING MACHINE COMPANY please mention Nation's Business

Modern business borrows

from Radio
its two most important aids!

THE microphone and loud speaker . . . Magic symbols of lightning-fast voice transmission in the realm of radio. And now, the symbols of instantaneous inter-communication in business, too! ■ With the DICTOGRAPH System of Interior Telephones you can confer with your associates, issue instructions and secure information as quickly as the thoughts come to you . . . A sensitive microphone carries your voice from your office to any other. A clear-toned loud speaker brings back an immediate response. ■ DICTOGRAPH lifts the burden of "inside" calls from your switchboard—eliminates the time-wasting confusion of inter-office visiting. ■ It will take only a few moments to show you DICTOGRAPH in actual operation on your desk—at no obligation to you . . . Consult the telephone directory for our address in your city. Or write direct to DICTOGRAPH PRODUCTS CO., Inc., 224 West 42nd Street, New York, N. Y.

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A sure way to protect signatures and writing upon all important records and documents is to use



HIGGINS' Eternal Black Ink
is safe from the obliterating action of age, air, sunshine, heat, moisture and chemical erasers.
For Steel Pens & Fountain Pens
Made by Chas. M. Higgins & Co., Inc., 271 Ninth St., Brooklyn, N. Y. Makers of Higgins' American Drawing Inks for Half a Century

REPRINTS of any article in this issue may be had at cost

Write NATION'S BUSINESS, Washington, D. C.

Lithographed Letterheads

\$1.25 PER 1000 COMPLETE
IN LOTS OF 50,000
25,000 at \$1.50—12,500 at \$1.75—6,250 at \$2.25 or 3,125 at \$3.25 per 1000
Prices include Paper and Delivery in Greater New York

ON OUR 20 LB. WHITE PARAMOUNT BOND
A Beautiful, Strong, Snappy Sheet ENGRAVINGS AT ACTUAL COST
GEO. MORRISON COMPANY
550 West 22nd Street New York City
SEND FOR BOOKLET OF PAPER AND ENGRAVINGS



W-a-y Past the Days of the Old Tin Cup

MANY vital improvements have been made in drinking methods, but, heading the list is the R-S Vertico-Slant Sanitary Fountain.

This fountain never feels the touch of contaminated mouths and lips. It prevents them from even coming close to the jet that spouts the water.

The Vertico-Slant with the water passing angularly from jet to mouth makes each drink a safe and sanitary one. Write for bulletin.

RUNDLE-SPENCE MFG. CO.
436 No. Fourth St. Milwaukee, Wis.

RUNDLE-SPENCE

LIPS CAN NOT TOUCH THE R-S NOZZLE



our workers are costing us considerable effort and money," an official told me, "but we feel amply justified by the results. In spite of our location we have been able to attract unusually good men, we feel, and our turnover of skilled workers is practically nil."

They Learn to Work While They Play

LAST summer golf caddies at the Race Brook Country Club, Orange, Conn., were found to be caddying about half the time, and spending the other half of their time in loafing, cheap reading, and in various other time-wasting diversions.

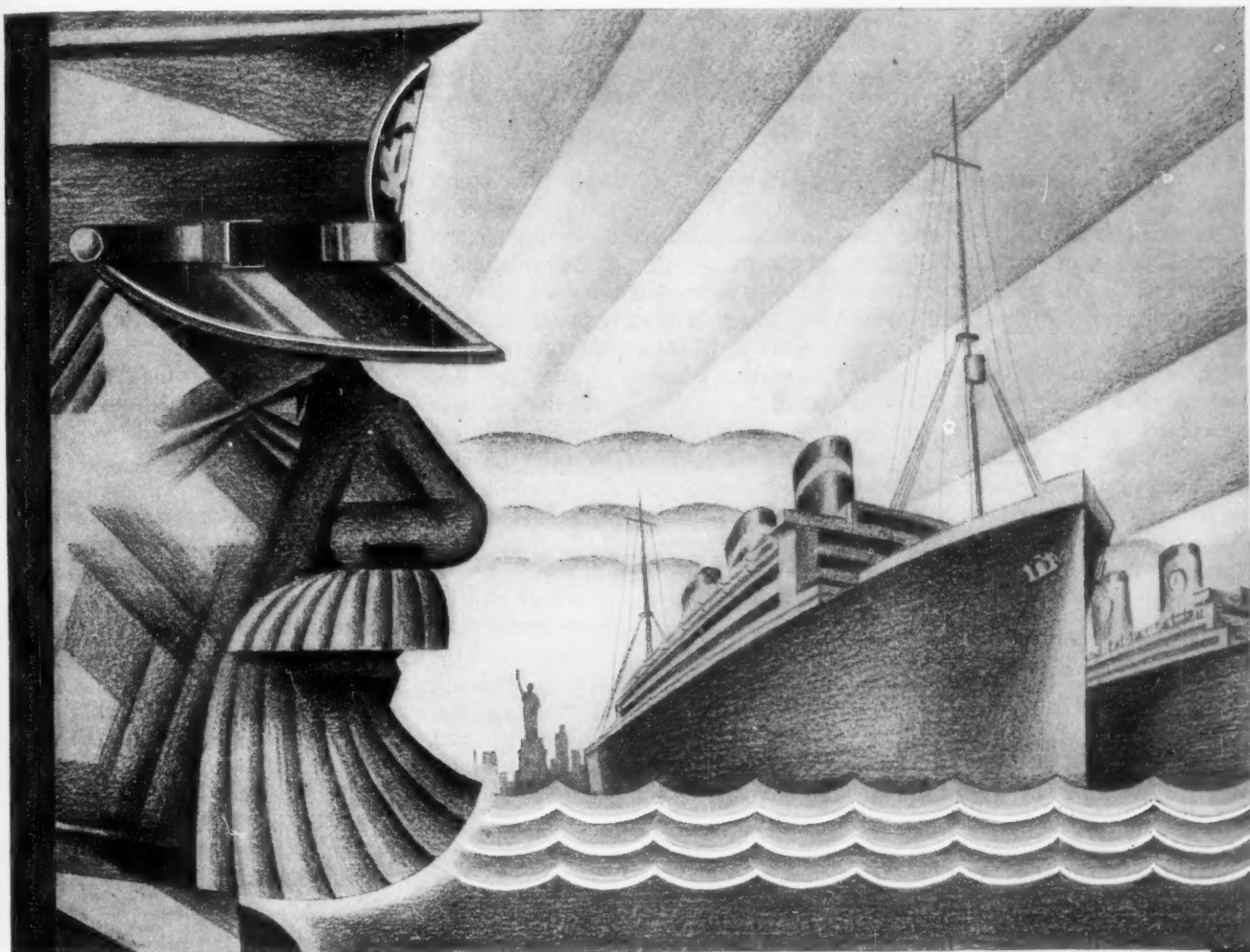
To remedy this, Harry Gay, boys' work specialist of Junior Achievement, Inc., set up benches, laid out the simple tools required, and unrolled small sheets of copper. Mr. Gay is a man who knows boys as well as he knows tools. He began by cutting out simple patterns for ash trays, hammering his copper, annealing it in a wood fire built near the caddy quarters.

Caddies loafing about under the trees were attracted by the tink-tink of Gay's hammer. They came around, asked questions, and wanted to help. Almost before they knew it they were making the simple copper products Mr. Gay had been turning out.

The Race Brook Manufacturing Company, run by the boys, was soon under way. One of the lads was made foreman, another was a salesman. Soon they had become familiar with the labor division for sales promotion and managerial efficiency. Time, labor, costs, production, and earnings took on a true perspective.

During the ten years that Junior Achievement, Inc., has been in existence, about 40,000 boys and girls have been reached by Junior Achievement programs—embracing for the girls, toy doll making, home improvement, sewing, homecrafts; and for the boys, work in wood, metal, leather and band iron, and printing.

The work at present is under way in many New England cities, in New York and New Jersey, and is even taking root in Chicago and Denver. It is based on the idea that the training of the hands in making things artistic and useful is a sound and practical method for teaching the fundamentals of business to boys and girls in their leisure time.—MORRIS E. ALLING



MARINE

The captain commands. Thousands of mechanical devices stir into action, smoothly, quietly . . . the great ocean liner—a city in itself.

Behind countless devices in the assembly of this marvel of oceanic transportation—precision . . . mechanical perfection—the grinding machine and the grinding wheel have been busy.

Modern transports of the sea, toward whose marvelous efficiency the abrasive industry contributes, reciprocate by carrying finished abrasive products of Norton Company, Worcester, Massachusetts, to the ports of the seven seas.

NORTON

Grinding Wheels . . . Abrasives for Polishing
 . . . Pulpstones . . . Floor and Stair Tile . . .
 Grinding and Lapping Machines . . . Refractories
 . . . Porous Plates . . . Abrasive Aggregate . . .

Great Industries
 No. 1

When writing to NORTON COMPANY please mention Nation's Business

Why Alexandria Sold Its Gas Plant

(Continued from page 40)

policy of the people who now own the Alexandria franchise—is to take the commodity, gas, wherever it will sell in sufficient volume to yield current bank rates of interest on the capital investment.

There seems to be no attempt to get back the principal, the objective being a conservative return on the capital invested by the stockholders. The conscious effort is to win prospects, to make gas so attractive that old customers will increase their use of the fuel and others be educated to its virtues. In this way the company's gas mains are lengthened, capacities enlarged more and more and additional money safely put to constructive work.

All set for growth

ALEXANDRIA'S is a strategic location. With Washington so generously spilling over, this is the logical city to catch the overflow. Besides having the basic elements for growth and progress, we now have removed the last important barrier to development.

I think that the lowering of barriers has been on an even wider front than would appear to casual eyes. To derive the largest good from any utility, whether municipal or private, the citizens must cooperate. In Alexandria we are more than simply "willing to be shown."

I think that our gas plant transaction has served, in conjunction with other happenings, to awaken the people of our city to some of the opportunities they are facing. It has had the effect of gently turning them from contemplation of a revered past to anticipation of a future which promises to make history.

We're not in a mood merely to give the Alexandria Gas Company a chance. We have greeted it as a new and leading citizen and taxpayer, bid it welcome, and pledged it our good will and support. We want it to grow, even as we expect to grow with it.

Three things the public has a right to expect in gas—reasonable cost, dependability, and availability. Never again would Alexandria be satisfied with less. Under no con-

ditions would she consent to give up her latest ambitions.

These ambitions are not at all preposterous. The way to their attainment is by the same trails of industrial expansion blazed in other communities.

Over in Washington, for instance, we have been witnessing, since the Seaboard Investment Trust took charge there, a thrilling sales campaign in gas appliances. Utilities all over the land have watched and applauded as one astonishing record after another has been hung up by the gas industry in the nation's capital.

One month shows a 100 per cent increase over the corresponding month of the preceding year. The next month the gain amounts to 150 per cent. What will that sort of thing mean to Alexandria, I wonder, where there is less of a start and more, proportionately, opportunity for accomplishment?

A chance for more selling

VIGOROUS exploitation of gas is contingent upon having plenty of it to sell. Until October 1, 1930, Alexandria could hardly have afforded to embarrass herself by overzealous efforts. Such arti-

cial restraint has, happily, been lifted as a result of the sale which connected us with other gas plants, the nearest two of them in Washington and Georgetown.

Alexandria's power plant was rated at 250 horsepower, as contrasted to the 4,405 horsepower of the Washington plant.

Capacity is increased

THE Alexandria city gas holder capacity was placed at 225,000 cubic feet; that of Seaboard's Washington unit, 10,300,000 cubic feet. And so on. An oldtime sports adage has it that "A good big man is better than a good little man." And when the little man is not so good as he might be—well, what then?

I cannot see why private operation should be any better for a large city than for a small one. Alexandria is entitled to the best, and I believe she's got the best.

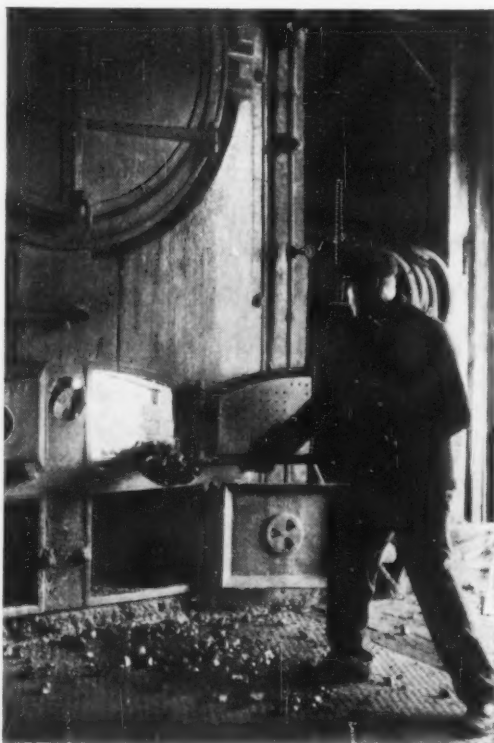
Nor do I fear size. I am one of those simple-minded Americans who believe that growth is a result of honesty and vision, as a general rule, rather than of mere sharpness. Size in industry is in itself a safeguard and assurance to the public.

And there is the comfort of knowing that the people themselves are always bigger than their own creations. I welcome the competency that large-scale success indicates.

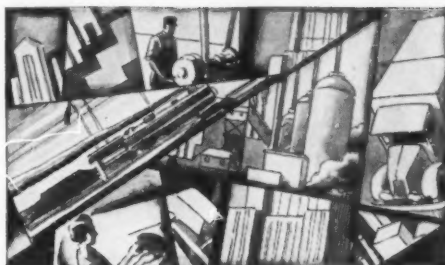
Business never is without the check-rein of competition. Whenever any concern cockily presumes to overstep itself in the thought that it has at last become a monopoly, other concerns may be depended upon to quit their patronage.

Regulation is effective

WHEN "Big Business"—so-called—enters a community it subjects itself, as in Alexandria, to local regulation which, after all, is more effective and a great deal more satisfactory than any less-intimate kind. It is my opinion that business and town government may be depended upon to get along without friction so long as they meet each other in mutual fairness—as business and town government can do today.



Gas equipment won't last forever but a city encounters opposition to paying for repairs



C HANGING MARKETS *present many* PROBLEMS

TODAY'S constant shifting and changing of trading areas expose the uninformed sales executive to dangers he cannot foresee. His only salvation lies in the possession of a complete understanding of the sales potentialities and buying habits of various markets.

Sales policies must be based on accurate, up-to-date reports that disclose the trend of business. A thorough knowledge of distribution demands full, accurate, and timely analyses.

These requisites of progressive sales management are provided by International Electric Tabulating and Accounting Machines (Hollerith) with a speed, accuracy, and economy of operation that enable their users to keep pace with today's rapid and radical changes in merchandising outlets.

Through the medium of this equipment all pertinent facts regarding distribution, the potential buying power of various territories, salesmen's efforts, and stock control are *immediately available*. The compilation of the most intricate report is but a routine matter.

Detailed information upon request.

International Electric Tabulating and Accounting Machines
International Time Recorders and Electric Time Systems
International Industrial Scales
Dayton Moneyweight Scales and Store Equipment

Manufactured by

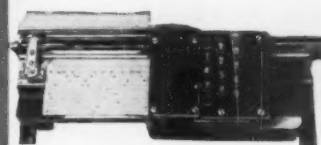
INTERNATIONAL BUSINESS MACHINES CORPORATION

270 BROADWAY, NEW YORK, N. Y.

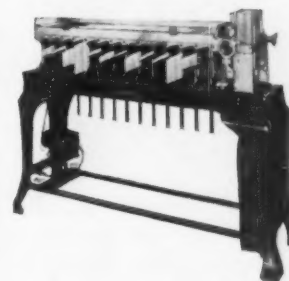
Offices and Service Stations
in all Principal Cities
of the World

CANADIAN DIVISION
300 Campbell Ave., West Toronto
Ontario

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INTERNATIONAL ELECTRIC
KEY PUNCH

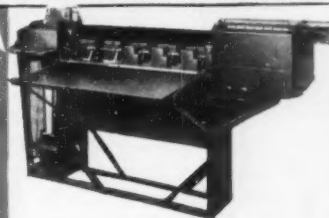


INTERNATIONAL ELECTRIC
SORTING MACHINE

Below—A SALES TABULATING
CARD

DATE	INVOICE NO.	CUSTOMER	AMOUNT	SALES	RECORD	ACCOUNT	PRODUCT	SALES	COST	TRANS.
01/01/31	12345	ABC CO.	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
01/02/31	12346	ABC CO.	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
01/03/31	12347	ABC CO.	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
01/04/31	12348	ABC CO.	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
01/05/31	12349	ABC CO.	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00

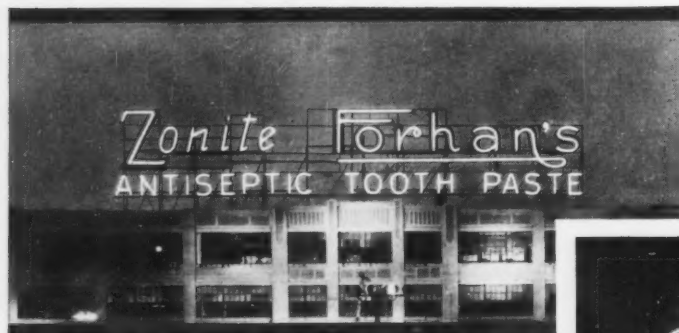
BUSINESS
INTERNATIONAL
MACHINES



INTERNATIONAL ELECTRIC
ACCOUNTING MACHINE

FLEXLUME NEON ADVERTISING

at New Contract-Service Rates



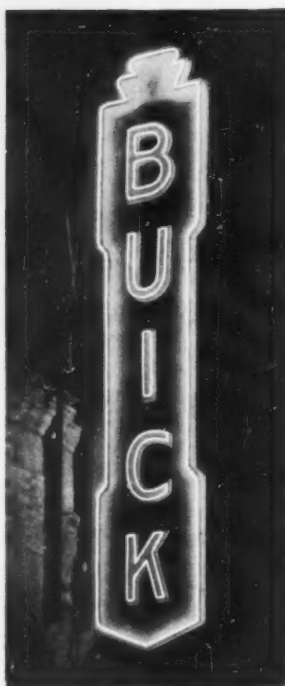
Huge Flexlume neon roof display emblazons this famous name across the countryside.

YOU can now buy electrical advertising as you would newspaper or billboard advertising, on a contract-service basis. This is another Flexlume advance in the plan for erecting, servicing and maintaining the highest quality of electrical advertising.

Flexlume electric displays, of course, can be purchased outright as before. But let the Flexlume man first give you the vital facts about this new plan . . . also the interesting story of Flexlume neon.

Through the development of a revolutionary electrode by Flexlume engineers, unparalleled neon performance has been attained . . . by superior methods of processing, more strikingly brilliant and colorful tubes have been developed. In all parts of the U. S. and Canada, Flexlume neon displays are a demonstrated success.

Call our local representative today. Or, if you prefer, write us to submit facts and color sketch, without obligation, of an attractive electric designed especially for your business and requirements. FLEXLUME CORPORATION, 1108 Military Road, Buffalo, N. Y. Factories also in Toronto, Can., Atlanta, Ga., Kansas City, Mo. and Houston, Tex.



Many of the world's largest advertisers employ brilliant Flexlume neon displays to strongly identify dealer outlets.



NEON TUBE . . .
RAISED GLASS
LETTER . . . EXPOSED
LAMP OR COMBINATIONS

SALES AND
SERVICE OFFICES
IN CHIEF CITIES OF
U. S. AND CANADA

How Planning Helped a Farming County

COLQUITT County, Georgia, a farming community, has worked out a plan whereby its agriculture is so diversified that no two crop failures can seriously affect the county's income. Recently a "Prosperity Festival" was held in Moultrie, the county seat, to show what cooperation and deliberate planning can do among farmers. Business men from every section of Georgia and northern Florida attended.

After the War, the county's farmers were blinded to diversification by high cotton prices. They lost heavily when the drop in prices came. In 1920, W. C. Vereen, president of the Moultrie Banking Company, proposed a plan of loaning based on scheduled diversification by the farmers. To insure the success of this plan, the bankers and merchants of Moultrie pledged to provide a market for the farmers' products.

To show the proper farming methods for different products included in the Moultrie plan, a motion picture was made at a cost of \$5,000. This picture was shown in all sections of the county. Leaders in the move feel that this picture was worth at least \$150,000 to the country.

How the crops are divided

THE plan is based on a farm of 33 to 35—ten acres in corn, velvet beans and runner peanuts (for the hogs to run on and feed themselves); five acres to oats, followed by pea-vine hay; five acres to sweet potatoes, cane sorghum, millet, and home gardens; three acres to watermelons, tobacco or Spanish peanuts (depending upon market accessibility); two acres to truck farming, five acres to cotton; three to five acres of low, wet lands in pasture; three to five milch cows; two brood sows and 50 pure-bred hens.

Farmers declining to adhere to this plan were refused financial assistance. Farm incomes showed cash increases at once. The yield per acre on farms in the county increased and consequently production costs decreased.

New industries were attracted. Swift & Company now handle 250,000 head of livestock annually at their packing plant in Moultrie. Creameries, cotton mills, cotton gins, cottonseed-oil mills and other actively operated plants are sharing in the community's prosperity.

—CHARLES J. KING

AMERICAN STEEL SHEETS

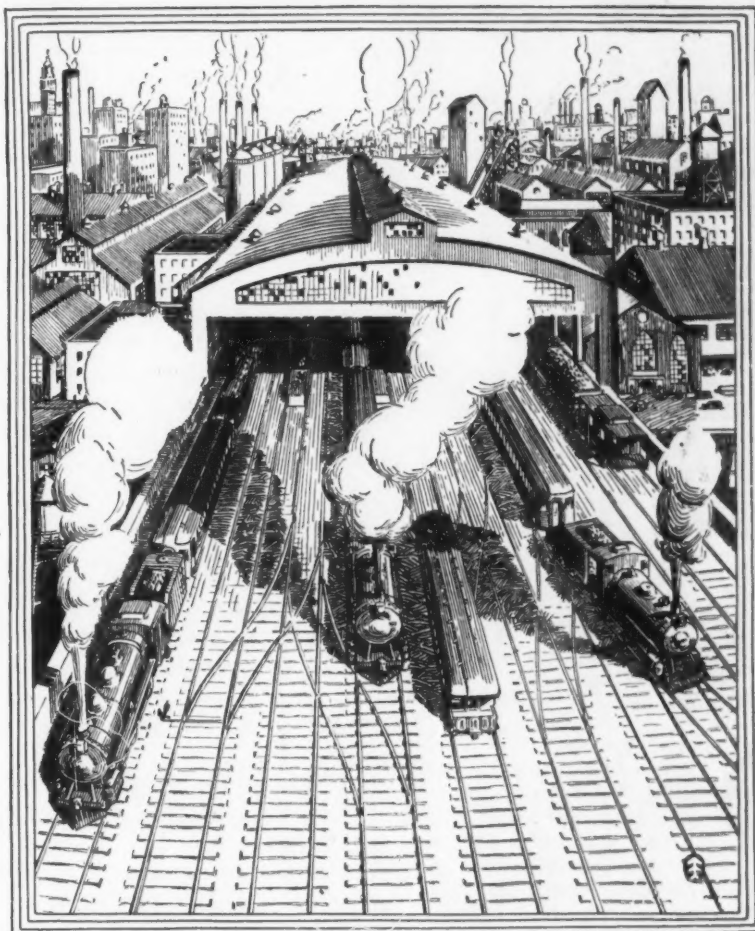


Save With Steel

CONTRIBUTOR TO TRADE RESEARCH
DIVISION, NATIONAL ASSOCIATION OF
FLAT ROLLED STEEL MANUFACTURERS

Economical and Satisfactory SERVICE

—that begins with metallurgy and continues through shipment—employing extensive and modern manufacturing facilities, and backed by long experience, makes AMERICAN Products a most reliable and satisfactory source of supply.



Whatever the requirements, quantities or specifications, for all uses in fields of transportation, industry or construction—AMERICAN Sheets offer efficient and economical service based upon real product quality—the kind that makes friends and keeps them. Supplied in Black and Galvanized Sheets, Tin and Terne Plates, for all known purposes to which sheet metal is applicable. Also KEYSTONE Copper Steel Products for uses requiring maximum rust-resistance. Sold by leading metal merchants.



American Sheet and Tin Plate Company

GENERAL OFFICES: Frick Building, PITTSBURGH, PA

SUBSIDIARY OF UNITED STATES STEEL CORPORATION

QUALITY
PRODUCTS
Dependable
Service

AMERICAN BRIDGE COMPANY
AMERICAN SHEET AND TIN PLATE COMPANY
AMERICAN STEEL AND WIRE COMPANY
Pacific Coast Distributors—Columbia Steel Company, San Francisco.

PRINCIPAL SUBSIDIARY MANUFACTURING COMPANIES:
CARNEGIE STEEL COMPANY
COLUMBIA STEEL COMPANY
CYCLONE FENCE COMPANY

FEDERAL SHIPB'LDG. & DRY DOCK CO.
ILLINOIS STEEL COMPANY
NATIONAL TUBE COMPANY
Export Distributors—United States Steel Products Company, New York City.

THE LORAIN STEEL COMPANY
TENNESSEE COAL, IRON & RAILROAD CO.
UNIVERSAL ATLAS CEMENT COMPANY

When writing to AMERICAN SHEET AND TIN PLATE COMPANY please mention Nation's Business

You can always depend on a Toaster



that's equipped with SHAKEPROOF Lock Washers



Type 12
Internal



Type 11
External



Type 15
Countersunk



Type 20
Locking
Terminals

U. S. Patents
1,419,564
1,604,122
1,697,964
Other patents
pending
Foreign Patents

SHAKEPROOF Lock Washer Company



"It's the Twisted Teeth that Lock"

When writing please mention Nation's Business

AT breakfast tomorrow, as you enjoy your toast and coffee, stop for a moment to appreciate the faithful daily performance of your electric toaster.

Here is a wonderful demonstration of what Shakeproof is doing for thousands of products. Each connection on your toaster is probably held tight by Shakeproof Lock Washers or Shakeproof Locking Terminals. The leading Toaster manufacturers all agree that it is the only way to provide lasting performance for their products. They know that the twisted teeth of Shakeproof never shake loose and thus trouble is prevented and satisfaction assured.

Your product deserves Shakeproof protection, too. It means fewer customer complaints and that always brings increased sales. Have your production department test Shakeproof now. Free samples will be furnished on request—write for a supply today.

A Banker Looks at Small Accounts

(Continued from page 43)

tion to serve the small concern by showing where it cannot compete. It is also frequently in a position to make positive suggestions for new lines, or for more intensive development of existing markets. In many instances such suggestions are the results of the requirements of larger corporations for supplies in volumes so small that they do not care to manufacture for themselves.

A fact sometimes overlooked in this connection is that both industrial and commercial mergers frequently concentrate on narrow lines and products. This makes for greater economy and efficiency, but it also means in many cases that certain markets or portions of markets are in effect abandoned to the small concern which is enterprising enough to see and grasp its opportunities. The big corporation, being able to command experienced management, does not attempt to compete in fields where it cannot see a profit. It bases its actions also on actual market studies and not on the real or apparent results obtained by others.

The small business that proceeds along similar lines has less difficulty in getting adequate bank credit today than at any time in my recollection. One reason for the banker's increasing interest in small concerns is that he actually has more time to devote to them as the percentage of his assets invested in big business increases.

The explanation is quite simple. A corporation large enough to be called big in the modern American sense generally has a financial staff that makes any great amount of supervision by its bankers unnecessary. As a result, the million-dollar credit often takes less of a banker's time than one of \$5000.

This process is being accelerated by

mergers and the general business tendency to seek larger units of operation. It follows, therefore, in my opinion, that we may expect to see a continuing increase of interest among bankers in the welfare of the small concern.

This extension of credit—and of the other facilities which banks have to offer—has been under way for a quarter century, with especial impetus since the World War, but it is by no means exhausted. I do not expect to see it carried to the point where we may eliminate failures, for bankers do not pretend to be omnipotent, but I do believe we are nearing the day when no business man need run into bankruptcy through lack of expert financial advice.

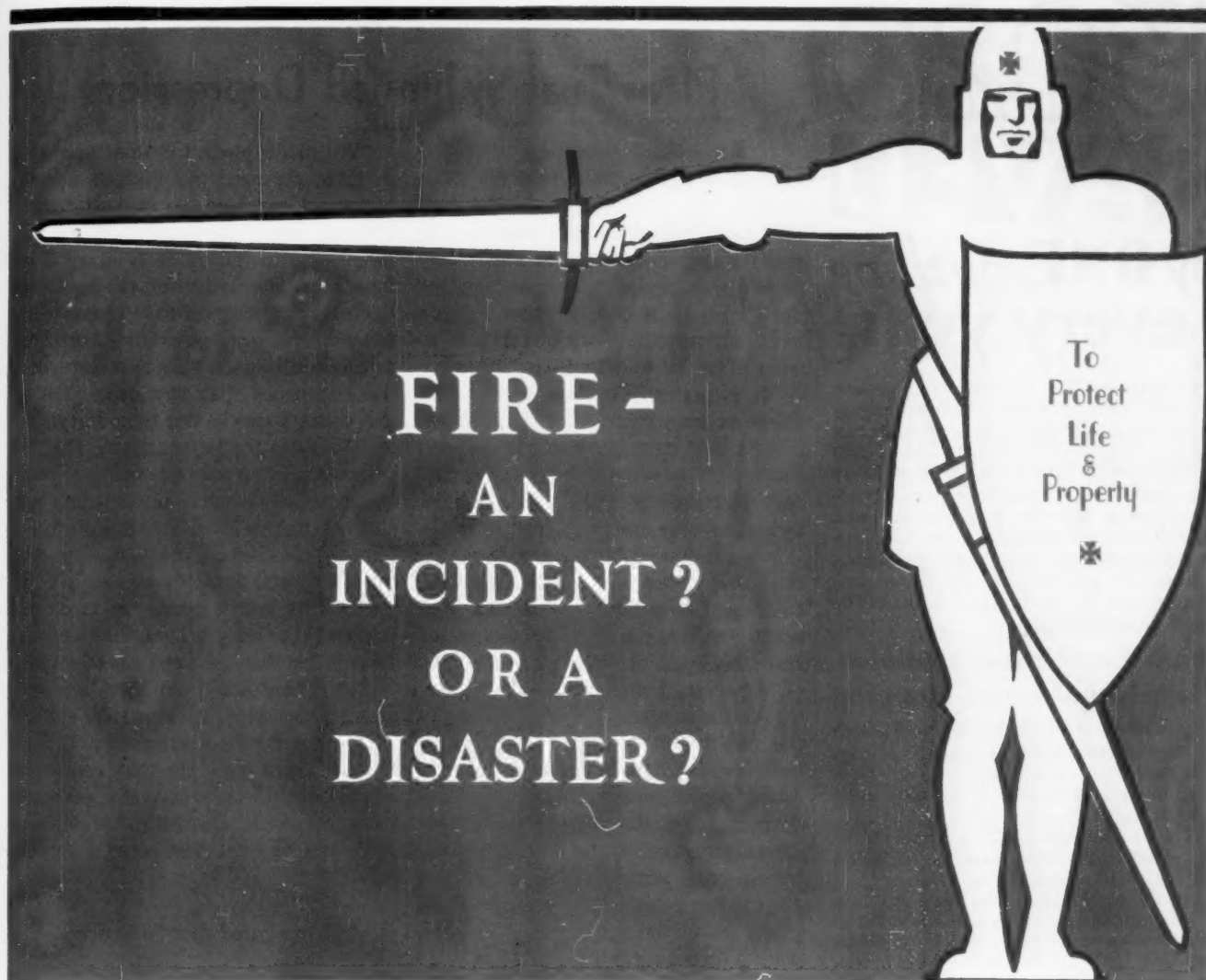
Contrary to opinions frequently expressed by those unfamiliar with good banking practice, I do not think it has ever been particularly difficult for the small company to get bank credit in this country. It has been difficult, however, for the managers of many such companies, untrained in financial methods, to learn how to command banking cooperation. In the past the banker simply did not have the time to train the small account.

We are making credit easier for the small concern in this country because our banking system is now being geared up to supply the information that the merchant or manufacturer does not have the facilities to acquire by himself. Scores of instances in our records show where this has been done even when there was no profit in the initial transaction, and occasionally none in sight for several years. The profit of the bank in a group of such instances is acquired through the building up of the community and through the new business accruing from this growth.



WIDE WORLD PHOTO

These huge stacks of beans, piled here awaiting the thrashing crew, are a part of Colorado's record 1930 bean crop—45 million pounds



FIRE - AN INCIDENT? OR A DISASTER?

This service will make every FIRE an incident!

Fire's toll from American industry, business, and homes is almost half a billion dollars a year. Wasteful, greedy, destructive...striking unexpectedly...devouring ruthlessly. These are disasters!

Yet...there are thousands of fires each year that never reach the newspapers—fires that are killed while they are young. These are *Incidents*! In thousands of cases, Correct Protection against Fire has put a "stoplight" on fire's attack.



The Crusader of American-LaFrance and Foamite represents an engineering service that is protecting over 85,000 of in-

dustries, buildings, homes, against fire... a service that *assures* Correct Protection. This service is based on four factors.

First: a complete study by specialists. Backed by 85 years' experience, they bring to bear a store of specific information on fires and their control.

Second: installation of proper and adequate safeguards. As manufacturers of every recognized type of fire fighting equipment, from one-quart hand extinguishers to motor driven fire apparatus, we can be unprejudiced in our recommendations.

Third: instruction of your employees

on the proper use of this equipment. *Fourth:* inspection and maintenance service if you so desire, by our engineers to insure constant readiness of equipment.

Whatever the nature of your business the service represented by the Crusader can protect it against fire. American-LaFrance and Foamite Corp., Engineers and Manufacturers, Dept. D73, Elmira, N. Y.



"Correct Protection Against Fire" is a booklet, describing our service and products. A free copy will be sent you on request.



LA FRANCE AND FOAMITE PROTECTION

AN ENGINEERING SERVICE

AGAINST FIRE

\$3020 SAVED by ONE machine every year

Four years ago The Carborundum Company purchased a No. 20 Finnell to maintain the 3555 square yards of battleship linoleum in its new office building. Every night . . . 10 hours a night . . . the FINNELL has polished the floors. Every two months it has rewaxed these floors. The estimated saving is \$3020 a year, compared with the cost of hand polishing.

"Besides being faster . . . the FINNELL gives a better looking surface and keeps the dirt from being ground into the linoleum," is reported by an official of the company.

New Combination Scrubber for half the cost of Mopping

Even mopping is no longer cheap. The new all-in-one FINNELL No. 90 scrubs in half the time it takes to mop, scouring loose every bit of dirt, immediately picking up the dirty water and leaving the floor clean and dry.

There is a just right FINNELL for every building or institution—for large areas or small—for polishing or for scrubbing.

Write for booklet. Let us tell you how much you can save over whatever hand method you use now. Full information will be sent on request. Address FINNELL SYSTEM, INC., 401 East Street, Elkhart, Indiana.

FINNELL
Est. 1906
ELECTRIC FLOOR MACHINE
WAXES • POLISHES • SCRUBS



This machine scrubs faster than one can mop! Enables big savings in labor. Write for details.

When writing please mention Nation's Business

Plans That Whipped Depression

(Continued from page 17)

in the first six months of 1930. Mr. Nias writes:

"I hesitate to write an article such as you request, since I am afraid it may be taken as vanity or a boast; neither do I wish to make the other fellow's more unfortunate position subject to what might be called criticism.

"It is perfectly evident to me that, although many corporations have shown a larger and more profitable business in the first six or seven months of the current year than in 1929, the continued lack of courage and conservatism which is being practiced by the consumer, retailer and jobber will be reflected for the balance of the year by these same corporations. We, too, may not be spared from this cycle of economic conditions.

"However, I will confess that I attribute the company's better business to the loyalty and constant application to business of our managing staff, and our many department managers who are devoted to expanding our sales. Our capital structure, too, is quite free from burdensome senior securities, which gives to our common shareholders practically all of the earnings of this company. I do not anticipate, therefore, that we shall find it a burden to continue a proper return to our shareholders."

A most convincing evidence of the importance of the psychological factor is provided by the experience of the Crowell Publishing Company. It is one of the "Big Three" among makers of national magazines, with *The American Magazine*, *The Woman's Home Companion*, *The Country Home* and *Collier's*.

Increased its advertising

A SELLER of national circulation and of national advertising, this corporation proved its faith in its own product by buying more advertising in the first six months of 1930 than in the corresponding period of 1929. The result of that and other forward-looking policies was outlined to me by Lee W. Maxwell, president.

"Our business for the first nine months of 1930 shows an increase of five per cent in net profit over the first nine months of 1929," Mr. Maxwell said. "This showing is attributable to a policy of expansion in which advertising played a continuing and important part.

"We made plans for this expansion in 1929, arranged our budgets accordingly and increased our organization in virtually every department. When volume began to fall off early in 1930 we faced the alternative of paring down the organization, reducing advertising expenditures and generally shortening sail, or putting on more pressure with the confidence that any depression in this country can be but temporary.

"We chose the latter course. The five per cent increase in net return is gratifying, but it represents only a small portion of the yield we shall eventually harvest. For when depression in the mental as well as in the economic sense reached its lowest point, the men and women in our enlarged organization who had not lost their jobs and whose salaries had not been cut (and there was not a single case of either kind) were going after business with a genuine enthusiasm and an *esprit de corps* that could not have been built up in normal times without years of effort. The depression, from our point of view, has been an opportunity."

More and harder work

HENRY A. FEHN, president of the Sweets Company of America, Inc., reduces the job of continuing to expand in dull times to one of more work—basic conditions being right. His company showed net of \$52,000 in the first half of the year just ended as compared with \$51,000 in the same period of the preceding year.

"There is no denying that 1930 has been a hard year for many corporations," he writes. "We all knew that a depression existed, but, in our case, we tried to believe that there was no such thing as a depression. However, it was brought home to us, and when this condition existed it was simply a case of putting on a little more pressure. This, combined with a sound sales policy and economic conditions in our factory, enabled us to accomplish the results we did.

"Our business this year, in the face of conditions, has been satisfactory, and I cannot but feel that when the year ends, we will have obtained at least the same results as in 1929, if not slightly better."

S. L. Willson, president of the American Writing Paper Company, whose

The image displays two different models of Kardex filing cabinets. The top model is a 'Kardex Rotary' cabinet, which is a dark, cylindrical unit with a central vertical axis. It features several vertical panels that can rotate around this axis to bring different sets of index cards into view. The bottom model is a 'Kardex Slide Cabinet', which is a dark, rectangular box. Its front panel is shown sliding open, revealing a large, angled tray filled with numerous index cards. The cards are organized into columns, and the cabinet has a series of small, light-colored rectangular slots on its side.

KARDEX ROTARY...
For every situation there is a Kardex device to give maximum speed flexibility, accuracy.

KARDEX SLIDE CABINET... Kardex cuts out from four to eight waste motions in every reference or posting.

Read the list of Kardex-speed operations on opposite page. Then, briefly indicate on coupon below, the department or problem in which you are most interested. It will bring you practical money-saving suggestions...without obligation.

Address _____

Read office please mention Nation's Business

DON'T LOCK OUT IDEAS

*Business is good
for those*

who make it so

A RECENT survey of a dozen typical plants in chemical industries afforded considerable surprise. Four are 28% ahead of last year. Eight averaged 18% ahead. Business is good for those who make it so.

This has been accomplished

*by using all the energy in every department
— improving products — improving processes
— improving plants; in short —*

by utilizing every modern aid to cut selling and production costs.

If you use, produce or depend on chemicals or chemical processes, marked improvement can be made in your business by a careful, close-up study of all that is new and

most modern in process development machinery, methods and equipment.



Visit the Chemical Industries Exposition, Grand Central Palace, New York, during the week of May 4th. It will be a profitable investment for you and your firm.

Thirteenth CHEMICAL INDUSTRIES Exposition

Management International Exposition Company

— JOHN HANCOCK SERIES —

Life insurance is a valuable complement to an investment program

To thousands life insurance, used as a savings and investment plan, is giving financial independence. From the viewpoint of availability for every individual, safety and permanent value, certainty of return, easily carried cost, and control by the investor,—it is a solid rock on which to build personal and family security.

If liquidation is necessary or desirable, you receive a fair and immediate settlement of your equities.

Should you be totally and permanently disabled, you receive a definite income regularly, and your insurance is continued without further payment.

If financial accommodation is needed, your policy can be used to tide you over.

If the policy is in full force at your death, your beneficiary will receive the proceeds, no matter how few premiums you may have paid.

If you live, you will receive the amount yourself.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

A mutual company returning annual dividends and offering a policy for every need.

INQUIRY BUREAU

197 Clarendon St., Boston, Massachusetts

Please send copy of booklet,
"This Matter of Success."

Name

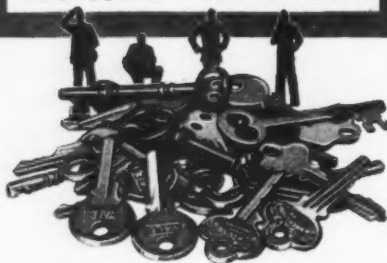
Address

N. B.

Over Sixty-Seven Years in Business

GUESSWORK ABOUT KEYS

—SO UNNECESSARY
—SO COSTLY—SO WASTEFUL



LEARN ABOUT

TELKEE

The Only Standard System
for the Proper Care of Keys

Whether a few keys or thousands of keys —TELKEE Devices offer you the perfect system for knowing your keys—knowing where they are when you want to use them. TELKEE tells to whom keys have been loaned and when they should be returned. TELKEE is a simple, effective SYSTEM of positive key control applicable to every class of building and business institution.

WRITE FOR FULL INFORMATION

THAYER TELKEE CORPORATION
658 So. Los Angeles St., Los Angeles, Calif.

work in rehabilitating this pioneer corporation is a familiar inspiration to the paper industry, contributes the first actual test which has come to my attention of a novel plan of business control. His company showed profits of \$249,000 in the first six months of last year as against \$235,000 in the comparable period of 1929.

"The maintenance of our earning capacity during the depressed business conditions," he writes, "is largely due to the application of a new formula in our business.

"Formerly this company, like many others, budgeted sales or income, and deducted therefrom the cost of production and distribution, the result being profit or loss.

"Today this company budgets sales or income, then deducts reasonable profit—leaving allowable expense to be adjusted.

"The old and new formulas follow:

"Old—Income minus expense equals profit or loss.

"New—Income minus profit equals allowable expense.

"While the full application of the latter formula may not be possible—or while it may not be possible to curtail expenses to the amount necessary to leave a reasonable profit—its application will compel management to obtain a clearer picture of the business operations and expose those weak spots that have been costly and unnecessary, and thereby enable management to effect savings which often result in profits instead of losses."

Higher efficiency in production

FRANK S. WHITING, vice president and treasurer of the Indiana Limestone Company, answered for A. E. Dickinson, president of that corporation. It showed net of \$5,438,000 in the first half of last year, and \$5,120,000 in the first six months of 1929.

"Efficiency in production is one reason for our improved position in 1930 as compared to 1929," Mr. Whiting writes. "Also, an important factor is that this organization has refused to acknowledge selling defeat. Our whole organization has geared itself to get such business as is available and by aggressively attempting to outsell our competitors we have made up a great deal of the deficit which would be normally lost in times of decreased volume.

"Our advertising and promotional departments have carried their full activities, without reduction. We have felt for the past year and a half that it was time for everyone to take off his coat

THE BASIN...THE SHIP...AND THE TRAIN



*A modern parable,
from which you will
gain this moral*

General H. N. Chittenden, formerly Chief of Engineers, U. S. Army, says:

"Northward from San Francisco, the first port of high strategic value is the Columbia River, the chief river of the Pacific slope, which here breaks through the mountain barriers and opens a low grade route to the interior country. It is the only point in the United States territory where the great coast Sierra Cascade barrier is completely traversed by a water grade route. The main valley extends back from the sea a distance of 75 miles, where its tributaries begin to spread out until they expand like an enormous fan, giving arterial highways to a water shed of 250,000 square miles, with routes across the Continental Divide to the far spreading country beyond."

ESTABLISH HEADQUARTERS AT PORTLAND

WHEN THE WORLD was in the making, another Garden of Eden was being formed, but in the Western Hemisphere. Nature sculptured a colossal basin with a framework of lofty mountains, and endowed her handiwork as a verdant land; gave to it gorgeous vistas, fertile valleys and a climate* incomparable. Then she deftly parted the basin on the side, allowing the mighty river of the West to pass through it—on its way to the sea.

Today this land of promise is known as the Columbia River Basin. Its area is 250,000 square miles and is larger than the combined areas of all New England, plus New York, New Jersey,

Delaware, Pennsylvania, Ohio, and Indiana.

Portland, the only fresh water port of the Pacific, the distributing center of the Pacific Northwest, a city of 301,890 population, is the metropolis of this empire of the Columbia, wherein 2,500,000 people live.

For Portland is located at the only water level gateway through the Cascade Mountains and the commerce of this basin gravitates to its natural, commercial capital, due in a measure to a freight differential of 10 per cent which favors her over other Pacific Northwest ports.

Portland, the first port of the Pacific Northwest, is also the third port of the Pacific. Its strategic position offers manufacturers, distributors and sales representatives quick and economical access to a rich local market, the intermountain, the Pacific Coast, and rapidly growing Oriental markets.

That's why Portland has more wholesalers and warehouses than any other city in the Northwest.

That's why key executives in ever increasing numbers are making it a point to visit Portland before definitely formulating their plans for Pacific Coast expansion and western territorial development.

That's why you should send for interesting and authoritative data on Portland, its markets, and its industrial advantages. Mail the coupon.

*PORTLAND'S ANIMATING CLIMATE

Scientists agree that man is more active physically at a temperature of 55 to 70 degrees than when it is colder or warmer and that he does his best brain work when outdoor temperature is around 40°. They also agree that Pacific Northwest climate fits these specifications exactly. Portland's average temperature for the past 10 years for January has been 39.6 degrees and for July 67.2 degrees. A seasonal climate which animates and energizes, yet it is without extremes of heat or cold, or excessive dryness or humidity.

Fewer Fog Hours at Portland's Port of Entry

Port	Distance to Ocean	Annual Fog Hours	10 year average
Seattle	117 miles	1091	
Portland	110 miles	541	
San Francisco	10 miles	1089	
Los Angeles	24 miles	841	

PORTLAND, OREGON

The fresh water



port of the Pacific

ON-TO-OREGON, Inc.

1390 PUBLIC SERVICE BUILDING, Portland, Oregon
Please send me data on the Portland Market, its commercial and industrial opportunities and future.

Name _____ Firm _____
Address _____

When writing to ON-TO-OREGON, Inc. please mention Nation's Business

—An ECONOMY TIP

for firms paying \$3.00
per square foot for rent



The famous Grand Central District of New York, where office rents commonly range from \$3.00 to \$5.00 per square foot a year.



WHERE rents are high, the savings effected by the use of Dexstar Manifold in filing space alone quickly run into substantial sums.

A certified analysis in one large office shows that this modern thin Manifold paper reduced the filing space required by one-third—or 6,000 square feet—as compared with the 16-lb. Railroad Manila paper formerly used for duplicating work. At \$3.00 per square foot for rent, this would represent an annual saving of \$18,000.00.

In many cases, Dexstar Manifold brings even more striking economies in stenographic costs. Whereas ordinary Manila paper permits only about four copies per typing, 7-lb. Manifold makes possible from ten to fifteen copies. Each one clear and distinct. Actual instances are on record where Manifold has reduced typing time by over 50%.

Consider what it would mean in your office—in actual dollars and cents savings—to adopt this modern thin business paper for all duplicating work. Write today for samples and full particulars.

C. H. DEXTER & SONS, INC. DEPT. A-5
WINDSOR LOCKS · CONN.
PAPER MAKERS SINCE 1835

DEXSTAR MANIFOLD

When writing please mention Nation's Business

and work and not cry because conditions might not be as favorable as in the past.

"We look to the immediate future as containing considerable promise. The building industry and especially the Indiana limestone industry should prosper because, during times of limited business, the Government, railroads, municipalities, schools and churches come into the building field. This is bound to help an industry such as ours. Under present conditions buildings can be constructed for less money. Of even greater economic and political importance is the employment of labor.

"During good times we spend a great deal of money promoting our material and in developing personal and sales contacts which will be extremely valuable to us in the future. We are now merely reaping the benefits of seeds sown over the four or five years preceding this period.

"So far as we can see, every aggressive and intelligent business leader has weathered this storm far more favorably than the companies that have had nothing to sell but price."

A combination of efforts

THE Scott Paper Company ran its earnings up to \$502,000 in the first six months of 1930 as compared with \$435,000 for the corresponding period of 1929. Thomas B. McCabe, president, explains how it was done:

"It is impossible to emphasize the importance of any one specific effort that has resulted in the Scott Paper Company's ability to increase sales substantially in the first nine months of 1930.

"Our results are obtained by a combination of efforts applied in every phase of the business. The success of our business depends upon our ability to turn out conspicuous qualities, offering them at acceptable values and telling more people about them through advertising. The accomplishment of this means taking infinite pains with every phase of the business.

"In 1930 we have continued our usual program of—

"Specializing on a few well known brands. We make no private labels nor do we sell mill or job lots. All of our energies are concentrated on a few items.

"Improving qualities by scientifically ascertaining what quality features will satisfy the public. We maintain a corps of 12 persons called consumers' representatives for that purpose.

"Increasing sales and advertising efforts and making appropriations progressively larger.

"Studying personnel and improving our man power, particularly in the supervisory positions.

"Making better use of our consultants—advertising agents, consulting engineers, consulting chemists, auditors, legal advisers, bankers and a group of substantial stockholders.

"The program of intense application to our job, taking infinite pains with each phase of the business, persistently calling on the best consulting brains in the country and trying to coordinate the efforts of a remarkably fine group of men and women, who work here and own a substantial stock interest, is being continued in 1930 as it has in previous years."

A new model at lower price

A. M. TAYLOR, director of advertising for the Kelvinator Sales Corporation, replied for George W. Mason, chairman and president. "During all the clamor concerning a buyers' strike," he writes, "Kelvinator has been doing something about it. One thing Kelvinator did was to introduce a new model, fitted to mass distribution at a low price. A quarter of a million dollar advertising campaign accompanied this introduction. For weeks manufacturing resources have been run at high pressure to take care of the demand.

"Mr. Mason took charge of Kelvinator activities in December, 1928, and the excellence of his guidance is shown in the earnings statement for the nine months' period of the 1930 fiscal year, with earnings of well over two million dollars as contrasted to a loss in 1928 amounting to nearly twice that sum. When the financial slump took place in the fall of 1929, Kelvinator did not trim sail. If anything, we threw out more canvas and rode the wind. And in the month following the introduction of the new unit shipments showed a 40 per cent increase over the same period of a year ago."

The Condé Nast Publications, Inc., is one of the few publishing houses in the list showing profit increases. Its earnings went from \$759,000 in the first six months of 1929 to \$857,000 in the same period of 1930. I. S. V. Patieritch, answering for Mr. Nast, says the greater earnings should be attributed primarily to a situation peculiar to the company, chiefly increases in efficiency and cost reductions. He notes also that the pattern business shows much greater activity as a rule during depressions, so that the company has been able as a whole to show an increased profit on a smaller volume of business.

Zero-weather tests for automobiles ALL SUMMER LONG...

... A PROFITABLE APPLICATION OF YORK REFRIGERATION

BEFORE an automobile manufacturer can adopt projected improvements and refinements in engine and car...he must test them for performance under winter's most severe operating conditions. But he no longer waits for winter to come around on the calendar. He creates his own winter... compresses a year of sub-zero weather into a week and, by means of Mechanical Refrigeration, effects important economies.

Again, Mechanical Refrigeration is making possible the refining of "cold test" oils. It is advancing the manufacture of tires. It is indispensable in the packing, shipping and distribution of meats, poultry, fruits, vegetables. It plays a major role in baking, in candy making, in bottling of soft drinks.

Mechanical Refrigeration is aiding hundreds of industries in treating raw materials, speeding operations, cutting costs, uncovering better processes. In short, it is working to produce for Industry ever-increasing profits.

Most of the applications of refrigeration to all these industries were pioneered by York. Its 50-year experience with refrigerating machinery has been utilized to work out the refrigerating problems of industry after industry... always with the

idea of increased efficiency and enhanced profits to each one. The result is a vast fund of technical knowledge and operating data pertaining to refrigeration in every industry.

This factual knowledge can be of tremendous economic advantage to you and is available to you through York Engineering Service. You are invited to use this service for a study of your own refrigerating problems. York direct factory branches are in 71 U. S. cities... as close to you as your phone.

YORK ICE MACHINERY CORPORATION
• • YORK • PENNSYLVANIA • •



Cold Test Room in Detroit plant of the Chrysler Corporation. York Refrigeration furnishes temperatures of minus 20° F. and lower, in order to approximate winter conditions. Here engines and complete cars are subjected to severe cold weather tests... which include tests on lubrication, carburetion, batteries, cold starting and even on body finishes.

INDUSTRIAL REFRIGERATION
DIVISION
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ICE PLANT
DIVISION
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AIR CONDITIONING
DIVISION
•
ICE CREAM AND MILK PLANT
DIVISION
•
COMMERCIAL UNIT
DIVISION
•
MARINE
DIVISION
•
ACCESSORY AND SUPPLY
DIVISION
•
EXPORT
DIVISION
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SERVICE AND MAINTENANCE
DIVISION

YORK

REFRIGERATION

When writing to YORK ICE MACHINERY CORPORATION please mention Nation's Business

FILE Your Papers the Modern Way

FILE with Acco Binder Folders and insure filingsafety. Make every file a neat, compact, book-like record—a history of all of your business transactions. Practically foolproof against misfiling and loss, Acco Folders are even more necessary than the filing cabinet itself.

Made of durable press-board to fit all standard sizes of correspondence and record sheets, every Acco Folder contains the Acco Fastener—a broad-based, two-pronged lock compressor device that binds papers neatly, tightly and compactly. When ready for transfer, a completely indexed Fastener-bound file can be slipped from the slide-way of the Folder and stored away intact—insert a new Acco Fastener in slide-way and Folder is again ready for use. It will last as long as the filing cabinet.

For last year's papers, this year's papers and every year's papers—for all papers worth filing—bind this Acco way—the only safe way. Just remember that "bound papers are safe papers", and that Acco Binder Folders and Acco Fasteners give you this filing safety, at but a few cents' cost. Write on your letter-head for data and information which shows you how to prevent misfiling, inaccuracy and loss, and for free sample Acco Fastener.

ACCO PRODUCTS, Inc.
(American Clip Co.)

39th Ave. and 24th St., Long Island City, N. Y.

CANADA:

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EUROPE:

Acco Company, Ltd., 18 Whitefriars St., London, E.C. 4

ARGENTINE:

Fred Berg & Co., 448 Sarmiento, Buenos Aires

BRAZIL:

J. A. Salicrup & Co., Rua Buenos Aires 104, Rio de Janeiro

ACCO FOLDERS and FASTENERS

When writing please mention Nation's Business

When Brands Face Falling Prices

(Continued from page 37)

on for 50 years, will again assert itself, when prices become stabilized.

Other influences are at work, of course, that encourage the handling of private brands, but these influences have existed for years and in spite of them advertised goods have steadily gained ground. Perhaps the most persistent influence has been the temptation for retailers to handle goods on which they can obtain larger gross margins than they can on advertised goods, with the notion that they are thereby making greater net profits. There is also the desire of certain retailers to have their own exclusive brands, sometimes to increase their prestige and sometimes to get away from the price-cutting competition of chain stores, on well known advertised brands. The tendency during the past two or three years has been for chains to rely less on price-cut leaders and more on service and quality, but the business and price situation in 1930 has tended to bring back the old price competition.

The development of chain stores has certainly complicated the private brand problem, especially in the grocery field. The fundamental difficulty is that, in the past, manufacturers ordinarily sold through jobbers, and arranged their prices so that both jobber and retailer could obtain margins sufficient to cover their costs and make a profit.

On the average, the combined costs of wholesaler and retail grocer have amounted to about 26 or 28 per cent of final retail price.

The problem of cut prices

ALONG comes the chain store, which buys in wholesale quantities and expects the jobber price. But the chain's cost of doing business (including the wholesale function) is estimated at only about 18 or 20 per cent. Hence, it can afford to cut the retail price, and still make a profit. The manufacturer is, therefore, in a dilemma. Shall he cater to the chains and run the risk of losing the good will of the independents; or shall he hold up his price to the chains to protect the independents? But this is another story.

There is also the question of the chains' own private brands. When a chain company has stores in enough cities, it is in position to advertise

nationally. It may advertise its stores as an institution, or it is conceivable that it might advertise its own brands.

The same is true of voluntary chains. Some 50,000 or 60,000 retail grocers are members of these organizations, and one of the largest companies has announced its intention of advertising its brand on a national scale. How important this movement will be, no one can foresee. Voluntary chains are new; many of them are loosely organized. Some may develop into full-fledged chains; others may disintegrate. Still others, who think it may be fine to distribute their own brands, will discover through experience, as have many chain-store companies, that, after all, they can better serve community needs and at the same time keep down their own expenses and increase their volume by handling the well established goods that people ask for.

Low-priced brands cause worry

IF ANY single chain or voluntary chain establishes its own brand on a national scale, this will merely mean the addition of a new nationally advertised brand name in the grocery field. It would still be a "private brand" in one sense, unless the company should undertake its own manufacturing on a large scale. At any rate, the number of such brands that could be established would be extremely limited and any companies that attempt it will still have to rely largely on the established brands of other manufacturers for their volume. It is not this sort of competition that is causing the present alarm among advertisers; it is the present tendency of jobbers, chains, and independents to push private brands because they can be bought and sold at lower prices.

The principal reason why the present resuscitation of private brands may be looked on largely as temporary is that there are important fundamental reasons for the long-time trend toward advertised brands. There has been no change in these fundamental reasons, except the temporary one of price appeal. Most people prefer well known products of established and guaranteed quality. The two things that would induce the average consumer to buy unknown goods are salesmanship and price appeal.

As for price appeal, there are always goods for sale at prices lower than those

charged for standard brands, and a certain part of the population buys them at all times. When the price differential becomes greater, as at present, and when people are out of work or living on reduced incomes, they are controlled more and more by price appeal. But this special incentive to get along without buying the well known, tested brands, will pass away as business picks up and as the price level becomes stabilized.

As for salesmanship, it is common practice for retail clerks to try to get consumers to buy the private brands carried in their stores because these usually carry larger margins of gross profit. But larger margins do not necessarily mean larger net profits. The fact is often overlooked that the extra salesmanship required increases selling expenses to such an extent that the net profit is not greater—often even smaller—than on the advertised brands. The slower turnover of most private brands tends still further to reduce the net profit.

Branded goods sell easier

A GOOD example of the lower cost of selling branded merchandise is found in the experience of a cotton mill in the sale of towels in department stores.

This company arranged for tests in seven widely separated stores. Branded towels were sold on one table, and identical towels, except for the branding (made by the same mills) were sold on an adjoining table at the same price. Every precaution was taken to make the tests fair and conclusive.

The branded towels outsold the unbranded in ratios varying from two to one in one store, up to eight to one in another. It was also found that in one store where the ratio was five and a half to one, a salesgirl could sell branded towels in one-third the time it took her to sell the unbranded article which received equal advertising and sales support.

Exception may be taken to the assumption that branded and nationally advertised goods are superior in quality to unbranded or privately branded merchandise. It is perfectly true that some goods sponsored by well known retailers, and in some cases by jobbers, are of equal quality. There are undoubtedly instances where such goods are of even superior quality. But, even in cases where goods are of equal quality, the name of the manufacturer, together with his guarantee of quality through advertising, makes his merchandise more desirable to the average consumer, who consequently derives greater satisfaction

from its use. He is even willing to pay a little higher price when necessary. Furthermore, goods sponsored by well known retailers or jobbers are of limited distribution. In other words, they are not everywhere available and consumers want what they want when and where they want it.

It may also be urged that advertising is becoming more expensive than formerly, and that a single advertisement is relatively less effective, because of the multiplicity of competing advertisements in our popular magazines and newspapers.

From one point of view, this is so, but in comparison with other methods of selling, it is not true. The alternative method of creating demand is through personal salesmanship. The cost of this has also risen, and if personal salesmanship alone were used to develop markets as thoroughly and intensively as is now done by advertising, the cost would be prohibitive.

Advertisers have wider market

THE market for branded and advertised goods will continue to expand for another reason—hundreds of thousands of consumers do not yet appreciate fully the advantages of buying nationally advertised goods, with their guarantee of quality and general availability. These people offer a great potential market for advertised goods in the future. There are also thousands of retailers who do not yet appreciate the advantages and economies of handling goods that people demand.

It behooves manufacturers of branded goods to try to educate retailers, both collectively and individually, to the quicker turnover and greater net profits made possible by handling goods that sell themselves.

From this analysis, it is safe to conclude that there is little reason to fear for the future of nationally advertised products. The whole tendency is toward mass production and distribution, and this calls for a wider and wider use of goods of standardized quality, described to the public through advertising. One of the best ways to cut down the high cost of retailing is to educate consumers as to what to ask for, thereby reducing the amount of retail salesmanship necessary.

Furthermore, the manufacturers who do the most effective advertising are the ones who get the business, thereby allowing them to increase their sale of operations and to enjoy reduced production costs, an influence, that, in the long run, tends to reduce prices.



"Air Conditioning"

What it means
How it is done

TO furnish and circulate pure air of an exact desired temperature and moisture content is called "air conditioning." It includes six separate operations:

HEATING

COOLING

HUMIDIFYING

(Adding water vapor to dry air)

DE-HUMIDIFYING

(Removing moisture)

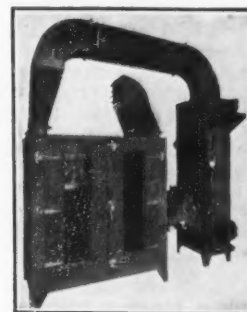
CLEANING

(Removing dirt and impurities)

CIRCULATING

(Securing proper distribution of conditioned air)

The Niagara Blower Company manufactures standard machines to perform all these operations, either separately or in combination, under the control of accurate instruments.



This Niagara Air Conditioner creates in the attached cabin any desired artificial climate. It is used by one of the world's greatest industrial plants for precise experiments with materials. Connections required are steam, water, electricity and refrigeration.

Air conditioning is used both for the control of materials that react to atmospheric moisture and temperature changes and for human comfort as in stores, theatres, offices. You may either condition completely or perform any air conditioning operation singly to correct any specific wrong condition. Niagara engineers will help you select the proper equipment. Address the Niagara Blower Company, 95 Liberty Street, New York City.

NIAGARA BLOWER COMPANY

Air Conditioners	Systems for
Aluminum Heater Coils	Cooling, Humidifying
Fan Heaters	Drying, Dust Recovery
Fan Coolers	Solvent Recovery
Cooling Surface	Pneumatic Conveying

General Sales Office

95 LIBERTY ST., NEW YORK CITY

Buffalo Philadelphia Pittsburgh Boston
Cleveland Detroit Montgomery, Ala.

NIAGARA

AIR ENGINEERING EQUIPMENT

When writing please mention Nation's Business

From
50 NATIONS
they come to the
LEIPZIG
TRADE FAIRS

.... for 700 years the world's
 greatest markets



● 10,000 EXHIBITORS and 200,000 buyers come from every important country of the world to attend the semi-annual Trade Fairs in Leipzig, Germany. The Spring Fair of 1931 opens March 1st.

American buyers find these trips extremely profitable — 95% repeat their visits. This is strong evidence that your firm should cover the Leipzig Trade Fairs.

7500 firms exhibit merchandise — both standard lines and a host of novelties which make profitable leaders and best sellers. Many items can be styled to your own specifications. All exhibits are conveniently grouped to save you time.

2500 firms exhibit engineering and building equipment — including building and construction equipment and sanitary engineering; electrical equipment; welding engineering; iron and steel products; mechanics' tools and materials; semi-finished products; machine tools for metals, wood, glass and similar materials; machinery and apparatus for food and food luxuries; machinery for textiles, paper and similar products and machinery for the graphic arts; power machinery, heating, foundry and gas fuel engineering; pumps, compressors, transportation and conveying equipment.

Use the coupon below to secure more detailed information. Kindly indicate the lines which interest you most.

LEIPZIG TRADE FAIR, Inc.
 11 West 42nd Street, New York City

I am particularly interested in.....

Name.....

Firm's Name.....

City..... State.....

When writing please mention Nation's Business

Rubber, a Crop with Possibilities

(Continued from page 30)

production. Under a special treatment, practically every guayule seed is made to germinate in the greenhouses. In about nine months the young plants are transplanted to the field. This, by the way, is all done by machinery. Hands do not have to handle guayule. Each shrub needs about six square feet of soil, which means that 7,260 plants are placed in every acre.

The fields must be kept free from weeds and this, too, is a machine operation. The plants do not have a profitable rubber content until they are about four years old. Since the whole plant is destroyed in the extracting process, it is essential that the shrubs be harvested at the most propitious time. The productiveness of the plant continues to build up for about ten years. For profits, the fourth or fifth year is best for harvesting. However, if the price is unsatisfactory in the fourth year, the shrubs themselves can be the storage elevators for stabilization.

In harvesting a guayule crop, machines rumble through the fields and pull the shrubs out of the ground. After being dried in the open air, they are put through crushing rollers under water. The rest of the process is mechanized.

Machinery helps us compete

IN THE East Indies, where hevea trees are tapped by cheap hand labor, one man produces 1,660 pounds of rubber annually. In California, machines enable one man to produce at least 25,000 pounds annually. The present annual consumption of rubber in the United States requires the continuous employment of 600,000 foreign plantation laborers. The same amount of guayule rubber can be produced in the United States by 40,000 continuously employed farmers and mechanics.

The backers of guayule production in this country hope to see it grown eventually by individual farmers. The plan is to have the farmer contract his crop under the guidance and financing of the factory organization in his vicinity. The farmer would plant and harvest one-quarter or one-fifth of his total guayule acreage each year. This would enable him to receive an annual cash income and to keep his production costs uniform. So far only a relatively small number of farmers have been willing to enter such agreements. Substantial

acreage now producing this plant is controlled by the entrepreneur company.

Many of the cereal crops being improved by American scientists today have been cultivated for hundreds of years. The entire domestication of guayule has taken place within 20 years, so if the results so far are not startling, there is certainly no reason for discouragement.

An individual development

A LARGE share of the developments in guayule seed selection, germination, production, and mechanical and chemical problems in extraction, have been achieved by a single commercial company. This is not in accord with our usual procedure. Under normal conditions we leave such agricultural research and development to the Federal Government with commercial companies coming into the field only when profitable production appears likely.

However, the United States Department of Agriculture has by no means been idle. The Department's experimental field of guayule at Shafter, Cal., is making remarkable progress. Hevea trees at Chapman Field, Fla., have reached a height of 15 feet and the Department scientists believe their tests show that trees would grow abundantly in that area. The Department is also investigating the possibilities of hevea trees in Haiti and Panama. The real botanical prize obtained by the Government is intisy, recently introduced from Madagascar.

A quarter century ago intisy was highly prized in France for making tires, and at the height of its commercial exploitation this rubber cost \$1.20 a pound. The high price caused the natives of Madagascar to collect the plants so ruthlessly that botanists feared the species had become extinct.

After tedious search and weeks of thirsty roaming, Dr. Charles F. Swingle found several intisy plants in Madagascar and brought them back to the United States. They are now thriving in southern California and Florida, having withstood the climate last winter with no damage. Intisy, probably the best rubber producer in the world, is a shrub or small tree. An unusual root structure enables it to grow in exceptionally dry regions. The roots resemble links of sausage, and act as reservoirs for water. Intisy has been



OPPORTUNITY FOR SALE!

THIS is one of those times when it seems desirable to emphasize the obvious.

Thus, good business in America is twelve months nearer revival than it was a year ago.

There are more people in the country now than then, more real money piling up in the banks, more wholesale, retail, consumers' shelves yawning for stock.

In the meanwhile Wear and Tear, Need and Desire—the Four Horsemen of commodity consumption—ride tirelessly on the job.

IF the combination of these obvious facts doesn't spell Opportunity in eye-smiting letters for the unafraid manufacturer of worthy goods we don't know our orthography.

A year from now many a Fabian businessman will look backward and regretfully wonder how he missed it.

The whole history of Business is golden testimony to the truth that *in times like*

these the seeds of future growth and greatness are most fruitfully and most enduringly sown.

Even now, in almost every line, the businesses that are heeding this lesson by *working* instead of *wishing* are depression-proof and flourishing like the green bay tree!

THE SATURDAY EVENING POST feels kinship with every business that has the vision and the will to prosper.

It offers the deserving advertiser *now when needed* a privileged entry *under matchless sponsorship* into the richest, soundest market on earth.

It carries his message straight to the preferred families of America—that hub *three-million-strong* which turns the taste, thinking, *buying* of the nation—and fortifies it with the indorsement of its own tested character.

If the facts about your product will make intelligent people want it, our advertising pages can be in all truth designated "Opportunity for Sale"!

THE SATURDAY EVENING POST

"AN AMERICAN INSTITUTION"

THE CURTIS PUBLISHING COMPANY

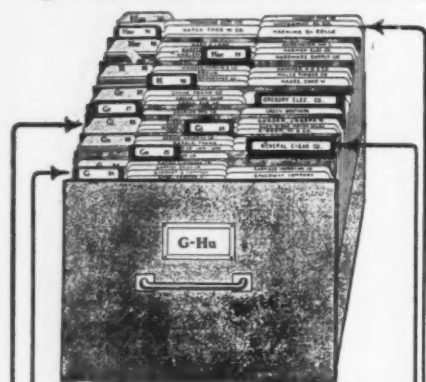


INDEPENDENCE SQUARE, PHILADELPHIA

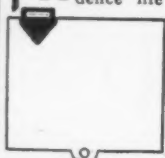
**BE SURE YOU ARE USING
THE PROPER TYPES OF**

Folders

**TO SAVE FILING TIME
TO INSURE FILING ACCURACY**

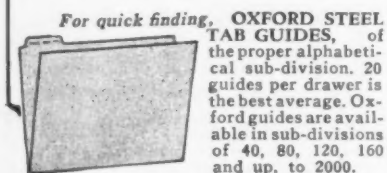


ARE the drawers of your correspondence file properly subdivided?



Do they contain the proper types of folders and guides that make for quick and accurate filing and finding—that stand up and stay neat?

They can be. Stationer Specialists in your neighborhood who display the symbol of recognition shown below, recommend—



For quick finding, OXFORD STEEL TAB GUIDES, of the proper alphabetical sub-division. 20 guides per drawer is the best average. Oxford guides are available in sub-divisions of 40, 80, 120, 160 and up, to 2000.

For the occasional correspondent, OXFORD "MISCELLANEOUS" FOLDERS. One to each alphabetical guide, the same tab lettering as the guide, they will save you from five to ten name folders. A real economy in many ways.

For correspondence up to 50 papers under one name, OXFORD NAME FOLDERS of durable manila. Strong, double scored for expansion on the bottom. Made in four thicknesses in all standard tab styles.

For large volume under one heading, OXFORD BULK CORRESPONDENCE FOLDERS of sturdy pressboard, with 1" expansion cloth bottoms, and black steel tab to carry desired heading. Built for hard usage, designed for quick reference.

**OXFORD
FILING SUPPLY CO.**

500 Driggs Ave., Brooklyn, N. Y.



known to grow for six years without rain!

Intisy rubber is easy to obtain—the latex flows from any cut on the tree and coagulates in the air without further treatment. This makes it possible for an intisy grower to cut stems of the trees, return a few days later and pull off bands of high quality rubber, especially good for automobile tires!

A crop for profit

FARMERS in favorable areas might rummage through a few figures, some of them reaching gigantic proportions, and see what the prospects are for profits in domestic rubber production.

In 1926 we imported more than 900 million pounds of crude rubber. It cost us about half a billion dollars. Imports increased in 1927 and again in 1928. The average price per pound decreased from 55 cents in 1926 to 25 cents in 1928; the price today is below the cost of production.

The farmer may conclude logically that the driving public and the rubber manufacturers would like to see the price of rubber stabilized at a reasonable figure.

If the unit cost soars, the public pays and, when it drops, stocks on hand may represent losses to the manufacturers. Should the price go too low, as it probably is now, the threat of a restriction scheme is renewed.

What can be considered a fair price? Since 1870, the average annual value per pound of crude rubber has ranged from 15 cents to \$1.10. Sporadically prices have been higher than three dollars and less than 10 cents. Let's call 30 cents a pound a fair price. At that figure, production becomes interesting as an American agricultural venture.

That should be only the beginning of the farmer's reckoning. He might next note that our reserve stocks are not satisfactory. We seldom have more than a three months' supply of crude rubber on hand.

Then the ledger can show requirements. About 85 per cent of the total rubber consumption in this country is for automobile tires. This fact becomes increasingly important when we put down in our ledger that 80 per cent of the world's automobiles are in the United States. This guarantees that the demand for rubber will be relatively constant.

Furthermore, there are many indications that we have only begun to use rubber. Our mechanized civilization is a noisy one; much of this unnecessary irritation can be removed by rubber.

At present only 15 per cent of the rubber we use goes for footwear, waterproof clothing, mechanical rubber goods, and the like.

About 14 million people in this country depend for a living on the continued prosperity of the motor-car industry. That industry has an investment of more than 13 billions. It is bewildering to add up the figures on capital, earnings, and personnel engaged in the industries that would suffer, at least temporarily, if we were suddenly unable to import rubber.

And this industry has all grown up during a quarter of a century—the same 25 years that have seen the shifting of our rubber production from one part of the globe to another.

Our rubber industry has been turning out products valued at much more than a billion dollars a year. Ours is larger than similar industries in all other countries combined.

Most likely it will never be desirable for America to try to produce a billion pounds of rubber each year. Manufacturers have suggested that a 25 per cent schedule would help immensely. That would mean that guayule fields, for example, would have to yield 250 million pounds of crude rubber annually. Such an output would require 640,000 acres, with one-fourth maturing each year. Glance at a map showing idle lands in Arizona, Texas, California, and other states and you will find that 640,000 acres would be only a small spot on the area suitable and available for guayule production.

Three chances to grow rubber

ALL these facts have real significance for American agriculture as a whole and for farmers in the proper areas. We cannot, by hand methods, produce wheat, alfalfa, soy beans, and many other crops as cheaply as can the countries from which we obtained them. But when the American machine-mind gets busy, high wages can be paid and production costs slashed at the same time. The next few years will be interesting ones in American rubber production. Mr. Edison's machines may be developed to the stage where goldenrod will yield rubber profits for hay-fever vacations. Guayule may dominate. Intisy may develop best.

In any case, I believe that all mystery about one of our greatest national needs will disappear eventually. Science will overcome obstacles and a Californian of the coming generation may say:

"Rubber? Why, yes, didn't you know it's native to my state?"

What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

AFTER the heartbreak year just closed, business executives look with hope and expectancy to 1931.

The depression, worldwide in character, gives little likelihood that the new year will usher in a boom period. On the other hand, especially from the viewpoint of the United States, there is reason to believe general business will gradually rise from a distinctly subnormal plane.

The trend, in the year just opening, is likely to be gradual, slow, irregular, despite false starts and check-mated rallies, toward more normal conditions. The promise is for better business in the second half of the year than in the first, and for a somewhat larger physical volume of trade and somewhat larger array of business profits for the whole of 1931 than for the 12 months just passed.

Unless unpredictable events interfere with the processes of recovery which are slowly in the making, it is likely that the fourth quarter of the new year will be the best, and that by that time business will be within hailing distance of computed normal, which allows for the normal expectancy of progressive growth.

The private statisticians of some of the great industrial and public-utility companies have deferred their prediction of normal until 1932. Although the precise character of future business remains one of the secrets of the gods, it seems at this time that 1931 will be a better year for business men, that it will not be a distinctly good year, and that hopes for flourishing prosperity must be postponed, at least until 1932.

Meantime, executives

should not nourish themselves with optimistic forecasts, but should assure profits for their companies by accepting the mandate of the lower commodity price level. They can do this—and some leaders have already—by getting operating costs down to a basis which will permit profits, even though commodity prices are strikingly lower than they have been in recent years.

The road to substantial profits, under transitional conditions, which are likely to prevail for many months, will be found largely through the elimination of economic waste and through heightened efficiency of operations. During the years of expansion and prosperity from 1923 to 1929 many wasteful practices and inefficiencies crept into industrial operations, and the call of the time is for executives to slough off wasteful methods and needless operations and to

bring cost down. Even in the depression year of 1930, when corporate profits were down about 25 per cent, in the aggregate, some 120 corporations reported larger net earnings for the first nine months of 1930 than for the corresponding period in 1929. In some cases these companies operated in stable, depression-proof industries; but in others, the capacity to go ahead reflected primarily unusual sagacity and enterprise on the part of management.

The ablest managers are striving for profits under any type of conditions and have been exceedingly active in putting their houses in order to meet present day trends.

The main hope for recovery lies in the stable nature of consumption, which runs along fairly evenly through the year. In many industries consumption

for months has outstripped production, and as a result the shelves of merchants are bare—and after the holiday period, the process of restocking will impart impetus to manufacturing and to all branches of economic activity. Furthermore, with commodity prices drastically deflated, business men will feel disposed to do some additional forward buying as soon as they are convinced that a bottom has been reached and that stability at any level has been attained.

This willingness to buy will doubtless be heightened when and if commodity prices rally and remind executives that under existing conditions it may be more risky to wait than to cover the near-term needs for merchandise. But it would be a disservice to under-emphasize the blockade which exists



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The impending issue. The trouble is that it takes such a long time for the beneficiary to recover



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as a result of inequities in the distribution of deflation among the several large economic classes. Some groups, such as farm products, suffered in price disproportionately to manufactured nonfood products.

THE need of the hour is to find a formula for turning the great and seemingly excessive productive capacity and efficiency of modern industrial nations to the benefit of mankind. We have been suffering from the perils of plenty, rather than from a famine or an insufficiency of products. The main problem is to balance human needs and wants against the capacity of business to turn out goods.

Business in the large can be helped, as Dr. H. Schacht of the Reichsbank has suggested, through a consortium of bankers, manufacturers, and great industrial nations, standing together, in behalf of great international projects intended to increase the consumptive powers of backward nations.

An equilibrium can perhaps be hastened by a return to the land of some people in overindustrialized sections. Even though certain products, such as wheat and cotton may have been produced in excessive quantities for the market, there are still opportunities for families to return to the land and grow foodstuffs for their own consumption, reserving only a small fraction for the market to provide cash for purchases of articles which cannot be made at home. This question of redistribution of population is a large one which will be frequently discussed in the coming years.

For those who prefer to remain in the cities to sustain industry, provision must be made for what Myron C. Taylor, chairman of the Finance Committee of the United States Steel Corporation, has referred to as "fitting the machines to men." Modern labor-saving machinery and the new efficiency have revolutionized production. Accordingly, progressive executives now see nothing sacred in the eight-hour day; they recognize a need for open-minded, fact-finding surveys into the problem of the redistribution of leisure, which may involve a shorter work day and a shorter work week.

Apart from humanitarian considerations, business men must consider human beings as consumers, and if business is to be profitable these consumers must be financed by the availability of jobs. Even beyond this, all economists agree that the object of business is the service of man and executives cannot be adamant to the baffling prob-

lem of technological unemployment which President Hoover, in cooperation with the American Federation of Labor, is now studying.

I have talked with large employers of labor and find them much concerned about the problem and ready to cooperate to work out a satisfactory solution.

IN alluding to the inequities of the deflation process which have already taken place, Frederick C. Mills, Columbia University economic statistician, in a survey for the National Bureau of Economic Research, recently pointed out:

"The recessions of 1920-21 left manufactured goods overvalued, in terms of changes, and raw materials undervalued; it left producers' goods undervalued and consumers' goods overvalued; it left agricultural products with low purchasing power per unit, and nonagricultural products with high purchasing power.

"The present recession, like that of 1920-21, has materially cheapened agricultural products, raw materials generally and producers' goods intended for ultimate human consumption. It has enhanced the real value per unit of non-agricultural products and manufactured goods.

"It has certainly increased important elements of manufacturing costs, per unit of product. Finally, it has increased the real value, in terms of other commodities, of processed consumers' goods, a group which has been consistently high priced during recent years. At present prices goods in shape for consumption and use by individual consumers are worth 11 per cent more, in terms of commodities, than they were in 1913.

"Among these goods those which are products of manufacture stand 12 per cent above their 1913 purchasing power, and 3.9 per cent above the level of July, 1929. Highest in price among these goods are nonfoods, which have been particularly insensitive to the drop in general prices. These recently stood 23 per cent above their 1913 values and 7.3 per cent above their July, 1929, values."

NUMEROUS thoughtful executives believe that the somewhat obsolete character of the existing antitrust laws stands in the way of fully realizing the economies that can come through the elimination of economic wastes and through intelligent cooperation and coordination of industrial activities. In

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his recent address before the Academy of Political Science in New York, Thomas W. Lamont, partner of J. P. Morgan & Company, urged that Congress review the antitrust laws in the light of existing conditions.

President Hoover, in his earlier Boston address before the American Federation of Labor, expressed a similar sentiment.

THERE has recently been a swapping back and forth, between private banks and Federal Reserve Banks, of chief executives.

Eugene Stevens resigned as president of the Continental Illinois Bank & Trust Company, the largest American bank west of the Hudson River, to become chairman of the board of the Federal Reserve Bank of Chicago.

Shortly after that, J. Herbert Case, who had succeeded Gates W. McGarrah, the president of the Bank for International Settlement at Basle, Switzerland, as chairman of the board of the Federal Reserve Bank of New York, was drafted to head up a merger of four New York banks, into a combined institution, which took fourth place among the banks of the metropolis.

IN connection with the investigation into Wall Street practices by the Senate subcommittee headed by Carter Glass of Virginia, it seems that progress in the Street lies more in the direction of self-regulation than in legislative experimentation. As a matter of fact, especially under the last three administrations, the New York Stock Exchange has struck out along new lines of progressivism, which have marked a new era in the history of the trading place.

Since the War, the Exchange has been more than ever aware of its social responsibilities and its mandate to protect the public interest. There has been a striking evolution in Stock Exchange rules designed to protect the public. For purpose of concreteness, a few will be mentioned.

As early as 1890 the Stock Exchange recognized, for example, that public welfare would be heightened if listed corporations would publish income accounts and balance sheets. Forty years ago it began to agitate in that direction.

For a time it felt itself too weak to be insistent and permitted companies that were secretive about earnings to enjoy the facilities of its unlisted department. By 1909 it felt stronger and forthwith abolished the unlisted department, which catered to companies pursuing

the antisocial policy of withholding financial statements.

Out of the depression of 1921 came an increased sense of responsibility for the financial soundness of member firms. As a means of check-up, the Stock Exchange developed the questionnaire system, which has been in use ever since.

During the panic of 1929 potential failures were averted through the questionnaire system, which disclosed weaknesses which the Stock Exchange corrected by insisting that certain firms increase their ratio of capital.

In my opinion, the Exchange could logically carry this questionnaire system a step further and insist that brokers submit questions to customers and keep them on file for inspection by the Stock Exchange. Brokers ought to inquire fully into the financial responsibility and secondary reserves of customers, making sure not only that initial margins are adequate, but that the customer has some second line of defence which would enable him to meet adverse conditions. In other words, the broker is extending credit through the marginal system of operation and he ought to use some of the care that bankers customarily show in extending loans to customers.

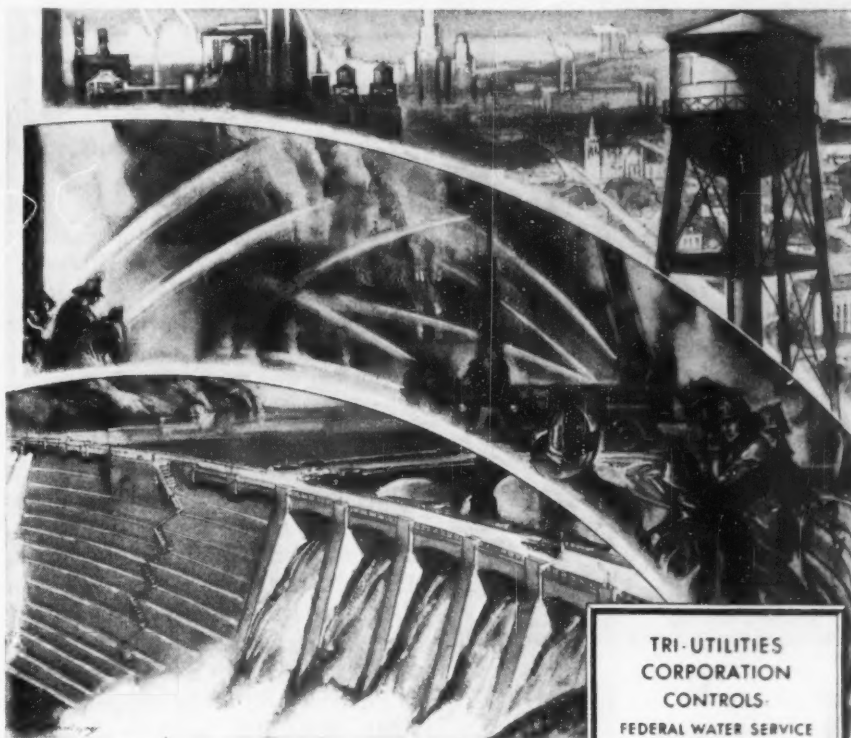
As protection against the high-pressure methods of customers' men, the Stock Exchange could insist that new customers be introduced to a partner, or at least to the office manager, who should make a survey of the prospect's financial status to determine how large a credit line he is entitled to. Moreover, to the customers who buy stock on margin, the house should give a printed statement of the hazards and opportunities of the margin system, pointing that in effect the customer is making a loan which is callable in part on demand, and which is destined to be called in part when the collateral behind the loan has shrunk in market value.

Such reforms, of course, would not prevent losses from unwise timing of purchases or from poor investment selection, but would tend to reduce the huge losses resulting from overextension on the part of customers who select even the best grade of securities. Such care in the handling of customers might for a time reduce aggregate commissions, but it would put the brokerage business on a far sounder basis and would allay the suspicion that the average brokerage house is merely a clearing house for suckers.

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ended July 1 1930 world consumption of cotton grown outside of the United States was greater than the consumption of American-grown cotton for the first time in history, L. K. Salsbury, of Memphis, Tenn., an outstanding American cotton grower, told me:

"I think this is largely attributable to the fact that there was an overproduction of foreign cotton as well as American, and the question of freight favored the purchase by foreign consumers of foreign cotton. However, I believe this was against their best judgment, but they were compelled to act.

"It is a well-settled fact that the foreign production of cotton is not as good a grade as the American, and I don't believe that foreign production will hold this percentage of increase that it showed last year, but anticipate that American cotton will continue in the ascendancy, rather than decline further. I think the American grower will be able to meet this competition and certainly give America supremacy in the consumption of American cotton by the world, as a result of scientific methods of production and the reduction of costs."

ALL too much investment opinion comes from vendors with something to sell. Too little is heard from expert buyers—from the managers of great investment trusts; from the directing heads of great insurance companies and savings banks. Giving the buyer's viewpoint, W. Wallace Alexander of Philadelphia, manager of investment funds, recently pointed out:

"In our opinion, security prices are too low. Many holders have been compelled to sell. Others are selling through fear of further decline. Then there is the usual selling by bears who make it their business to push prices down in order to repurchase at a lower figure.

"Lately there is said to be more than the usual amount of selling for income-tax purposes. Sellers in the latter class may repurchase after 30 days and many will probably do so. Bears will be forced to protect themselves by buying if the market has any substantial upturn. Those selling through fear will recover confidence when business conditions improve.

"While there appears to be little buying for investment, the selling is lessening. Brokers are borrowing only about one-third as much as a year ago, showing that fewer securities are carried on margin. Many securities are low merely because of lack of buying, not because of lack of intrinsic merit.

"The chief reason given for the decline in stocks is that the corporations which they represent have less business. This is true probably in a majority of cases, but in others, business is nearly up to a year ago, and in a few cases, it is ahead. Loss of business of course means decline in the earnings necessary to pay dividends.

"We believe business will improve; but even if it does not, well-managed corporations should be able before long, by greater economy of operation, to show a larger net earning than at present. Such a showing will result in more confidence on the part of the investor.

"On the whole, we think that the worst is over. We believe that present market prices (except some of the high-priced shares and some of the shares which have little reason for existing) are low."

THE head of a great New York trust company remarked to me that the American people are not scared but are filled with wonder.

He said that they have not lost confidence in American business institutions, but are merely uncertain as to the proper price at which to buy common stocks.

AS A MEANS of adjustment to existing business conditions numerous well-managed corporations are laying increasing emphasis on selling, taking men from inside jobs and putting them out in the sales field. The president of one extremely well-managed industrial corporation, for example, recently explained to me:

"The real answer to our improving situation is due to very definite and effective operating economies. For example, we have taken 100 of our poorer salesmen off the pay roll, but we have taken 200 of our men who were formerly salesmen and who had been promoted to staff positions, and put them back in the old territories going after business.

"As a result of this, we have actually 100 more salesmen out in the field than we had a year ago, and a very major deduction in overhead expense; all of which we have done in a way which has actually improved our organization rather than hurt it.

"The hard part of it is that a good portion of the good work the organization has done has been offset to a certain extent by the declining commodity prices which have consistently lowered gross profit. This, however, is a pretty

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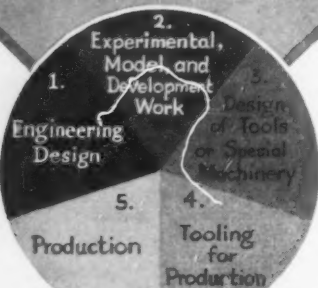
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general problem which all business executives have to contend with."

MANY observers have pointed out that the economic adjustment could be facilitated if retailers fully reflected declines in wholesale prices. In this connection, Morton J. May, president of the May Department Stores Company, which operates stores in St. Louis, Denver, Los Angeles, Cleveland, and Baltimore, informed me:

"I should say, from our experience, that retail figures are lower than the peak of last year from 20 to 25 per cent. Competition has been much keener this year than ever before. Merchants are scrambling for business in order to keep up their sales—in many instances, regardless of profit.

"I would not forecast any still further reduction in retail prices, as I believe we are at the bottom.

"The current trend in sales is toward purchasing for absolute needs and not otherwise."

Talking along similar lines, Samuel Reyburn, president of the Associated Dry Goods Company, said:

"In my opinion retail prices on the average have gone down more than the Department of Labor figures show, and much more than the public believes.

"It is difficult for the ordinary retail distributor of personal apparel and home furnishings to prove this belief for the reason that the goods we deal in cannot be standardized as easily as the staple articles of food and hardware can.

"In America the common school, the daily newspaper, the monthly magazine, have developed a very definite desire for better things for the use of the individual and for the home. In our eight stores consumers are demanding not only a useful article, but they want beauty in appearance and skill in production, and so we have what is called the 'style problem' and the 'fashion factor.'

"When they bought only for material use, standardization and comparative prices from season to season were possible."

HARRY REICHENBACH, Broadway press agent, says that the country has been suffering from *overprediction*.

CHARLES C. SMALL, president of the American Ice Company, has not only raised the profits of his company in spite of the business depression, but has also thrived despite new competi-

tion from electric and gas refrigeration. Commenting on the rising profits shown in the first nine months of the year, Mr. Small told me:

"In the first place, favorable temperatures helped some; you will recall that in the past summer it was notably hot and dry. Also, the Company is beginning to enjoy some of the benefits of its latest acquisitions, two or three small companies operating in its territory having been purchased in 1928 and 1929.

"But the main cause of our showing can be credited to the fact that the ice business is a good basic industry which can be made to yield satisfactory results when properly handled.

"As far back as three years ago we realized that we were confronted with competition in a severe form and along somewhat new lines. By an intensive sales campaign covering all our territory we have actually increased the number of customers served by several thousand, and our tonnage has grown.

"Hardly a month passes without the addition to our customers of a club, a large hotel, or an important restaurant which buys ice for its service needs. The number of food shops, refreshment places, and florists, are continually growing and these establishments are all buyers of ice.

"Our distributing facilities have been motorized, in line to meet these changes and our manufacturing operations placed on a strictly scientific basis.

"Many people I know find it hard to realize that an ice company in a time of depression and in the face of extreme competition can establish new records for earnings, but there are the facts."

EXECUTIVES can heighten the desire of consumers to buy if they will start out in their own organizations and assure their employees of a reasonable tenure of office. As an emergency measure a number of companies have already done this.

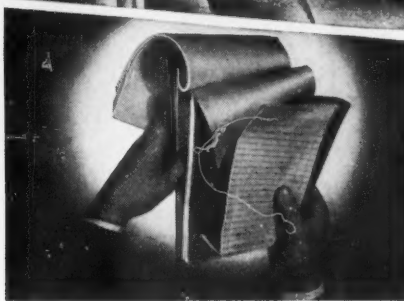
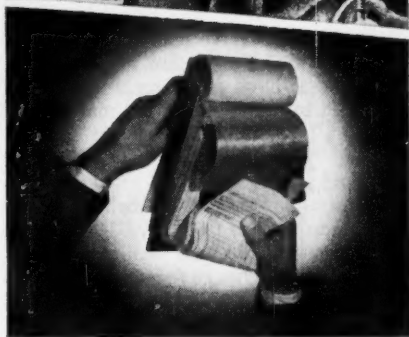
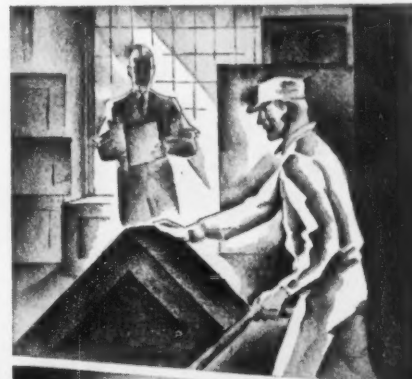
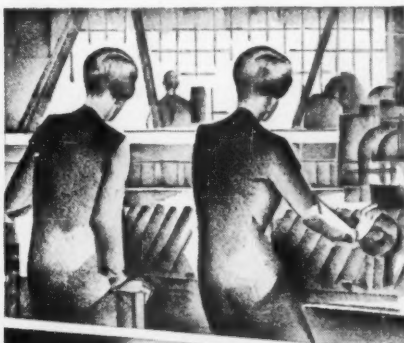
Long before the depression, companies like Procter & Gamble and the Dennison Manufacturing Company made progressive arrangements for insuring stable employment.

I recently asked William Cooper Procter, head of the Procter & Gamble Company, whether his plan of guaranteeing 48 weeks of work a year to his employees had been a success, and he replied, "Our guaranteed employment plan is still in effect and is, in our opinion, a success both from the human and economic side."

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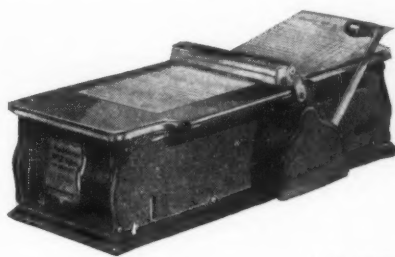


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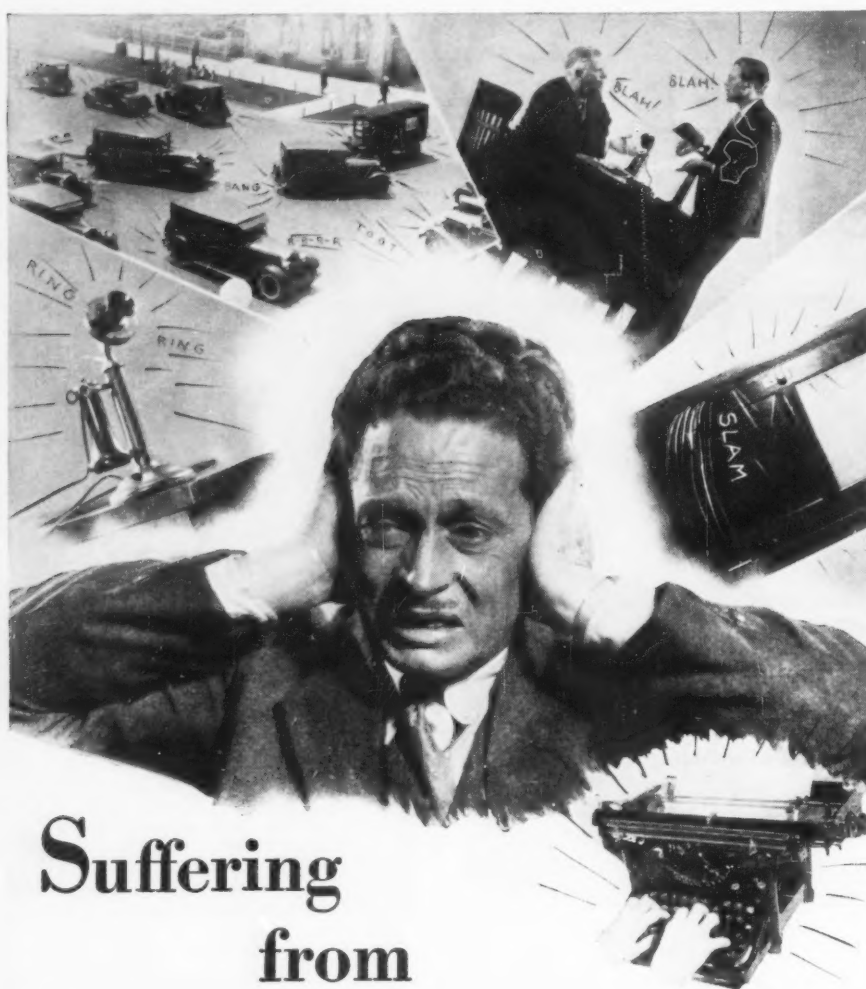
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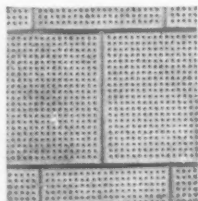
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THROUGH THE



EDITOR'S SPECS

TO THE EDITOR OF NATION'S BUSINESS:

That was a very fine December issue of NATION'S BUSINESS. The second article is one of the best I have read in a long time. Please give us more of that author's work.

Also please have your circulation department send me 20 copies of the magazine or article.

LABERT ST. CLAIR

New York, N. Y.

(A warm glow spread through the editor as he began to read the above. There is always a sense of pleasure in finding that a reader thought enough of an article appearing in the magazine to write his appreciation. However, in this case, the editorial spirits were somewhat chastened when it was noted that the writer of this letter and the writer of the second article in the December issue were one and the same. In the future, we, too, hope that he may find other articles by the same author.—THE EDITOR.)

♦ What People Need Now

TO THE EDITOR OF NATION'S BUSINESS:

I wish that every man and woman in the country could get copies of your radio addresses and not only read them but do some hard thinking afterward.

Perhaps in this way they could be brought to see the fallacy of running to Mammy (Mammy being the Government) every time they got a financial felon or the bucolic bellyache. What has become of the vaunted resourcefulness and initiative of the American people? Are they merely a lot of whimpering ninnies, ready to seek the alleged protection of maternal skirts each time some little trouble hits them, or is it that they simply want something for nothing, or with a minimum of effort expended in getting it?

Keep on hammering at them till they realize that Old Man Supply and Old Lady Demand sit on thrones mightier than those of Washington, till they realize that Old King Competition is and always has been the power back of progress. Help them get back that fighting heart which has always symbolized this country!

It grieves me and makes me more than a little ashamed to see all about us the lamentable lack of fighting heart, to see good, resourceful people ready to run to the Government for aid, to have prices fixed, and because of this and because I deal with editors I am going to tell you a story in the hope that from it you may draw a com-

FRESH FRUIT



... while snow is on the ground

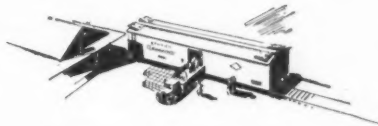
TODAY we accept as commonplace the miracle of fresh fruit in the dead of winter. Yet not so many years ago, who would have dared to say it was possible? Who could have foreseen Oregon enjoying the fruits of Louisiana and Maine the bounty of California?

Behind such achievements there must always be a creative idea. And here it was the idea of the refrigerator car . . . the same idea which recently resulted in the perfection of a railroad car by General American that would transport meltless ice at a temperature of 112 degrees below zero.

This, however, is but one accomplishment out of many. This organization has been called upon to fulfill strange requests . . . to build cars never dreamed of in the past. One

was needed to carry molten metal . . . another to transport meltless ice . . . a third to carry deadly gas . . . another to withstand a pressure of 2,250 pounds to the square inch . . . and another for the most dangerous of acids.

These cars are now in constant use . . . five contributions out of many hundreds General American has made to man's progress and welfare. The building of such cars, however, is but one phase of General American's manifold activities. It maintains, in addition, a fleet of 40,000 cars which it leases to shippers throughout the country . . . besides operating a large public terminal for the storage and handling of bulk liquids, and also an extensive European freight transportation system.



No matter what transportation difficulty confronts you, no matter what you are shipping, you will find it profitable to confer with our engineers. Railroad transportation is always certain . . . and a railroad car can be built to carry any commodity in bulk. Write or wire us, Continental Illinois Bank Bldg., Chicago, Ill.

GENERAL AMERICAN TANK CAR CORPORATION

"a railroad freight car for every need"

When writing to GENERAL AMERICAN TANK CAR CORPORATION please mention Nation's Business



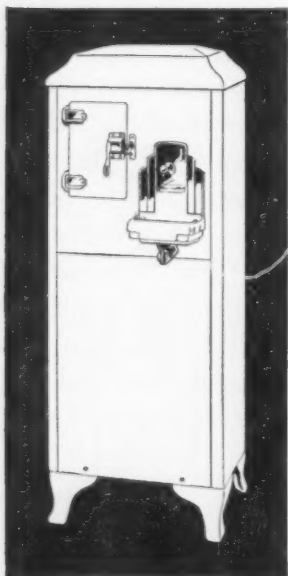
The Old Oaken Bucket GOES MODERN

FROM 17 years' experience have come the finest, the most reliable, and the most efficient water coolers Kelvinator has ever built.

These electric coolers are, first of all, dependable. The time-tested Kelvinator mechanism is quiet; trouble-free in its automatic operation; and surprisingly economical.

No quality water cooler on the market today, with a capacity of from 3½ to 6 gallons per hour, is as compact as the new Kelvinator. The space required is only 14 by 18 inches—less than half of that needed by other coolers of equal capacity.

Experience has proved that the Kelvinator Cooler is actually more economical than the old-fashioned methods of cooling water. And when you consider the importance of giving your employees and your customers plenty of cool, sparkling water always maintained at exactly the right temperature, it becomes obvious that a Kelvinator is an investment in health, efficiency—and *good-will*.



The new Coolers are available in either the bottle or pressure types. Installation is simple and inexpensive. For the bottle type you merely plug into the nearest electric light socket, and for the pressure type it is an easy matter to connect the cooler with the city water lines.

Call the Kelvinator representative in your city, or write the factory direct, for full information regarding these new automatic, electric water coolers.

KELVINATOR CORPORATION
14244 Plymouth Road, Detroit, Michigan
Kelvinator of Canada, Limited, London, Ont.
Kelvinator Limited, London, England (164)

Kelvinator

NO KELVINATOR HAS EVER WORN OUT

When writing to KELVINATOR CORPORATION please mention Nation's Business

parison which may prove of value to a good many people.

This is a story of myself, just an ordinary sort of person with not more than the average amount of intelligence, and a common-school education.

Seventeen years ago I came out of the shock following an accident to learn that I was blind. I was not only broke, I was in debt. I resolved not to be dependent.

While my wife earned the living for a time I managed to get oriented. Then newspaper work and fiction seemed the best bet to me. It still is. You as an editor will understand what I went up against, for I was without special training. I had even to relearn the parts of speech, and doubt now that I always get them correctly placed.

By hard, persistent and I think consistent work, I managed to make the grade and keep the wolf out of the front yard at least. My income has steadily increased from a few hundred dollars a year to the point where, this year, I shall pay an income tax.

The one thing I could not see with a telescope was the poorhouse. I have never asked or accepted alms. True I have borrowed money, but I have paid it back. If today I were to be offered back my sight in exchange for the spirit of independence I now own I can truthfully say I would not trade, much as eyes mean.

Some 30 magazines here and in Great Britain have bought my stuff. I have small royalties from five novels. Why can't the temporarily benighted American people do this much in their respective ways without running to Mammy in Washington? They can if they only will, or I miss my guess. An old friend of mine in New Jersey once wrote me and said after he had read of my little success, "Charlie, you are the man with the elephant guts."

Right now guts is what the people need. It is a plain and perhaps nasty word, but it is expressive. I am sure they still possess their old amount of intestinal fortitude, but do not know it. So keep hammering them until they wake up.

If this little story should be of any value to you please do not use my name in connection with it, for I am not seeking publicity, for you as an editor know that any man, blind or not, must deliver the goods.

Napa, Calif.

♦ Then and Now

TO THE EDITOR OF NATION'S BUSINESS:

You ask how our estimable railroad is getting on. Like most other railroads we are having pretty thin times, with our principal consolation the fact that ours are no worse than our neighbors', and in some cases better.

However, I find a good deal of comfort in looking over our old minute books and reading the report of our directors in 1867. As you may know, our road was in the hands of the Government for five years during and immediately after the Civil War. It was returned to its owners for operation at the end of that period. Here is the situation in which they found themselves:

"The affairs of the company were in deplorable condition—in fact, verging on bankruptcy—without rolling stock to operate it except the meager supply saved from the ravages of war. Of 35 locomotives

owned before the War, nine only could be used after a heavy outlay of money. Of 306 cars, 118 were returned from the South, and only 82 of them could, after overhauling, be made serviceable. Without machine shops or machinery, the road in bad order, the bridges worn out and unsafe, station houses destroyed, and those standing unfit for use, without tools, supplies or even furniture, even to a chair or table, or a sheet of paper that the Company could call its own, and, worse than all, without a dollar in the treasury to commence operations, with a floating debt from coupons due on bonds and other debts contracted previous to and during the War of between six and seven hundred thousand dollars. . . .

"Without books and stationery, we had in many instances to keep accounts on loose paper until we could get books from the North. With heavy claims for money pressing, ours was a trying position. No money or credit with large amounts of breadstuffs to be sent South to a starving people, one dollar before the War going further towards operating the road than two will now. . . .

"The directorate, although having a debt of five years' interest to pay, thought it best to go to work and earn the money and pay the interest, and not increase the funded debt. I am happy to say that your Company has paid every coupon offered for payment, and has paid off the floating debt which accrued during the War, and all other obligations which they have incurred with the exception of the purchase bond of the United States."

If they were able to survive such times as that, and they were, I reckon we ought to be able to get along.

ROBERT S. HENRY

Assistant to the Vice President
The Nashville, Chattanooga & St. Louis
Railway
Nashville, Tenn.

♦ Money

TO THE EDITOR OF NATION'S BUSINESS:

We, as retailers, believe a reduction in retail prices is necessary in order to give a higher purchasing power to the consumer's money. Money is only a convenient representative for creative wealth. When a consumer buys anything he, in fact, should exchange one form of creative wealth for another. Speculation in stocks, high sales costs and too much credit have disturbed that balance until there now exist too many money transactions on paper which do not represent a transfer of creative wealth.

Why don't we hear something about "mass distribution" or "mass selling"? After the American manufacturer produces a product with an efficiency that has astonished the world, we turn this product over to the highest priced distributing system in the world.

Primitive people with barter and trade systems of exchange don't have depressions or booms. They know what their money is worth; we don't.

It requires a business jam like the present to show us that money transactions in any considerable volume must represent exchange of creative wealth.

HUMESTON HARDWARE CO.
Humeston, Iowa

This is No. 2 of a series of advertisements setting forth things to look for when considering partitions



● Beauty of design, details of form . . . and quality of finish, all contribute in determining partition values . . . Hauserman Partitions harmonize with any surroundings . . . create dignified, attractive business homes . . .

Well-balanced design and beauty of line mean as much in partitions as in automobiles. And just as

one automobile excels another in eye-value, so do Hauserman Partitions stand out alone as the most pleasing in design.

Every detail of these better partitions is carefully worked out to assure permanently pleasing appearance. Rolled forms of finest furniture steel provide beauty of line and detail. Concealed assembly gives them that part-of-the-

The First Requirement of a Partition is... IT MUST BE EASY TO LIVE WITH!...



Modern business demands attractive surroundings. Hauserman Partitions provide pleasing, economical business settings which never grow old. Hauserman Partitions are permanent assets.

building look, yet permits easy dismantling and economical rearrangement.

The quality and variety of their finish is unsurpassed. Hauserman Partitions offer a choice of 100 attractive colors and exact duplications of selected grains. All parts are completely finished and all finishing is done in the manufacturer's plant.

THE E. F. HAUSERMAN COMPANY

A nation-wide organization of Partition Specialists

6806 GRANT AVENUE

CLEVELAND, OHIO

Factory Directed Planning and Erection Service from these 13 Factory Branches

Newark
Chicago

Philadelphia
Pittsburgh

Buffalo
Detroit
New York

Boston
Cincinnati
St. Louis
Cleveland

Washington, D. C.

HAUSERMAN MOVABLE STEEL PARTITIONS

When writing to THE E. F. HAUSERMAN COMPANY please mention Nation's Business

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Depression Merchandising

TODAY'S business leaders are attempting to accelerate their climb back to normal, by initiating a new brand of advertising and selling which might be called "depression merchandising."

In 1931 most of the dividend payers will be firms who exercised a higher degree of depression merchandising than their competitors and secured a larger percentage of their industry's total.

Isn't this a good time to stop and plan a fresh start? REPLAN EVERYTHING—the advertising—the selling—the product? Many practices are the result of HABIT—habit in business is exceedingly costly.

Is much of your advertising perforce of habit? Have you been using four-color spreads for effect—fourflushing? Perhaps greater frequency of smaller space would sell more merchandise.

Are you sure that a better folder could not be designed which would replace three mediocre ones at less expense?

Perhaps your window displays would do a better selling job with more brass tack sales talk and less "pretty pictures".

Are you spending money in certain mediums principally because it has been the custom to do so?

Are your salesmen simply retelling the same old story? It may not work so well in 1931. Why not find out *why* buyers should buy your product THIS YEAR?

And "how did your product look this morning?" Was it a bit antique looking? How long since it was restyled, repackaged, redesigned or its quality or efficiency improved?

GORDON LAURENCE
Advertising Manager, L. C. Smith &
Corona Typewriters, Inc.,
New York, N. Y.